Fourteenth Annual Report

to March 31, 1987

Alberta

FEDERAL AND
INTERGOVERNMENTAL AFFAIRS

Alberta

FEDERAL AND
INTERGOVERNMENTAL AFFAIRS

Office of the Minister

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To the Honourable Dr. David Carter
Speaker of the Legislative Assembly
of the Province of Alberta

Sir:

I have the honour herewith, for the information of the Legislature of Alberta, to present the fourteenth Annual Report of the Department of Federal and Intergovernmental Affairs, covering the period from April 1, 1986 to March 31, 1987.

I have the honour to be, Sir,

Your Obedient Servant,

James D. Horsman, Q.C.
Minister of Federal and
Intergovernmental Affairs

Edmonton

Alberta

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The Honourable James D. Horsman, Q.C.
Minister of the Department of Federal
and Intergovernmental Affairs

Sir:

I have the honour to submit herewith the fourteenth Annual Report of the Department of Federal and Intergovernmental Affairs covering the period from April 1, 1986 to March 31, 1987.

I have the honour to be, Sir,

Yours truly,

A.G. McDonald
Deputy Minister of
Federal and
Intergovernmental Affairs

Edmonton
June 1, 1989

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The basic objectives of the Department of Federal and Intergovernmental Affairs (FIGA) are to represent Alberta's interests as an equal partner in Confederation and to ensure that all activities of the Government of Alberta in relation to the Government of Canada, governments of other provinces and the territories, and the governments of foreign countries or states are conducted in a co-ordinated and consistent manner. The **Department of Federal and Intergovernmental Affairs Act, 1972,** established the terms of reference for the minister and the department. The responsibilities outlined in the Act may be summarized as follows:

- co-ordinating the Alberta government's activities in the intergovernmental sphere to ensure that they are consistent with the overall objectives of the Alberta government;
- conducting an ongoing review of the policies, programs, and activities of other governments which may affect Alberta; and
- signing all intergovernmental agreements.

While the administration of programs and, in most cases, the articulation of specific policy positions remains within the purview of other departments of the Alberta government, it is the responsibility of Federal and Intergovernmental Affairs to ensure co-ordination, consistency and continuity in government policies when other governments are involved.

Operation and Organization

The operation of the department remained under the direction of Mr. A.G. McDonald, Deputy Minister, during the reporting period.

The functional divisions of the department comprised Resources and Economic Development; Constitutional, Fiscal and Social Affairs; and International, with Administration and Communications continuing to provide essential departmental services (see Appendix I – Organizational Chart).

The structure of the department provides for contact with all provincial departments. Senior officers are assigned responsibility for specific areas, and monitor, on a continuous basis, current developments that may affect Alberta's intergovernmental relations.

Economics and Resources

The Economics and Resources Division provides advice to the government on intergovernmental aspects of economic and natural resource development issues. Performing a co-ordinating function, the division ensures that, within the intergovernmental setting, Alberta's goals and objectives are achieved in the following sectors: energy; agriculture; economic development; forestry; lands and wildlife; tourism; transportation; utilities; consumer and corporate affairs; public safety services; national defence; and national parks policy. The division also maintains close links with the Governments of the Yukon and Northwest Territories.

In addition to its other duties, the division administers the Canada–Alberta Economic and Regional Development Agreement – a ten-year umbrella agreement to facilitate joint planning and programming in pursuit of Alberta's economic and regional development objectives.

Energy and agriculture issues continued to be the primary focus during the year, with increasing attention also given to diversification of the provincial economy.

Other major activities included:

- intergovernmental consultations with the provinces and the federal government, which culminated in the signing of the National Science and Technology Policy;
- the successful conclusion of a national telecommunications policy, in concert with the provinces and the federal government, and the beginning of negotiations of key multilateral agreements governing future roles and responsibilities with respect to jurisdiction;
- the successful negotiation of the Canada–Alberta agreement on the assessment of a federal export charge on softwood lumber exported to the United States;
- the completion of negotiations of the Canada–Alberta Migratory Bird Accord;
- the completion of negotiations on the Yellowhead Agreement;
- the co-ordination of interdepartmental efforts and preparation of submissions in response to major federal initiatives including: the draft **Environmental Protection Act**; amendments to the **National Parks Act**; and the **Patent Act** amendments concerning pharmaceuticals.

In addition, the Economics and Resources Division also began important consultations with the federal government on the proposed Western Diversification Initiative, which will shape the agenda in the coming year.

Constitutional, Fiscal and Social Affairs

The Constitutional, Fiscal and Social Affairs Division monitors initiatives by other governments and conducts research. It is also responsible for developing policy recommendations for Alberta in the following areas:

- constitutional reform
- aboriginal constitutional matters
- institutions of federalism
- intergovernmental consultative mechanisms
- general federal–provincial and interprovincial relations
- fiscal federalism
- special projects relating to the operation of the federal system.

In addition, the division co-ordinates, investigates and makes recommendations on intergovernmental aspects of education, manpower, immigration, health and medical care, social services, justice, human rights, culture, labour, Native issues, municipal affairs, recreation, housing, the status of women, and the Banff–Jasper Townsite issue.

Constitutional, Fiscal and Social Affairs was responsible for organizing and co-ordinating the Annual Premiers' Conference hosted by Alberta and chaired by Premier Getty in Edmonton, August 10-12, 1986. The division also co-ordinated the briefing for the Western Premiers' Conference held in Swan River, Manitoba, May 20-30, 1986 and the First Ministers' Conference in Vancouver on November 20-21, 1986.

In addition to carrying out its responsibilities for these annual meetings, the department played a pivotal role in developing and co-ordinating Alberta's position on two key constitutional issues. The first was the First Ministers' Conference on Aboriginal Issues held March 26-27, 1987. This Conference was the culmination of a process, beginning in 1983, which addressed aboriginal rights and aboriginal self-government. The other major constitutional issue related to the

proposals put forward by Quebec in May, 1986, which provided for Quebec's acceptance of the **Constitution Act, 1982**.

Communication-related activities of the division included: preparation of a weekly report summarizing Alberta government and legislature activities, with the final product distributed through the Alberta office in Ottawa to Alberta Members of Parliament; preparation of a monthly list of anticipated intergovernmental conferences and meetings; maintenance of an inventory of newly signed intergovernmental agreements; and the monitoring and evaluating of policy developments and changes in governments across Canada.

International

The International Division monitors and co-ordinates Alberta's international initiatives, in addition to reviewing and making recommendations on provincial policies, programs, and activities as these relate to Canada's foreign and trade policies. Developments and policies in other countries which may affect the province are monitored, and assistance with international visits to the province by foreign governments is provided. The division also works closely with Alberta's six international offices, located in London, Tokyo, Hong Kong, New York, Los Angeles, and Houston.

During 1986/87, the International Division focussed attention on the Canada–United States free trade negotiations, and Alberta's priorities and concerns regarding these historic talks. Mr. Horsman continued his active campaign of lobbying influential Americans in both the public and private sectors to oppose protectionism in the United States, adding to this a general call for Americans to support free trade. The department began preparations for the new round of multilateral trade negotiations under the auspices of the General Agreement on Tariffs and Trade (GATT), with Mr. Horsman's attendance at the launch of the new round in Uruguay.

Relations with Asia were strengthened during the year, as a result of the division's activities in support of the high-level Japanese Economic Mission to Canada and the visits of Chinese Vice Premier Yao Yilin and Agriculture Minister He Kang. The division hosted three-way consultations involving its two sister provinces of Heilongjiang (China) and Hokkaido (Japan). Relations were also buoyed by the twinning of Edmonton and Calgary with the Chinese cities of Harbin and Daqing, respectively.

Ottawa Office

The Ottawa Office monitors federal government and parliamentary activities in order to provide the Alberta Government with up-to-date information on current issues and developing trends that will impact on the province. Close contacts are maintained with federal Cabinet Ministers, Alberta Members of Parliament, Senators, and government officials to advise them of Alberta's policies and concerns. To facilitate communications between the two orders of government, the Ottawa Office reports daily on relevant statements in the House of Commons Question Period, prepares a weekly report summarizing current federal developments for distribution to Alberta cabinet ministers and government departments, and provides pertinent news clippings from major eastern papers.

During 1986-87, the Ottawa Office closely monitored key issues including free trade, energy, transportation, agriculture, grain transportation, and changes to patent legislation.

The office assisted in administrative arrangements for First Ministers' Conference and intergovernmental meetings, and provided working facilities, and secretarial and communications services for Alberta Government officials in Ottawa. Assistance was also given to visiting Alberta businessmen and organizations. The office also assisted in arranging a reception for the Edmonton Tourist and Convention Bureau.

Information on Alberta Government programs and policies, the provincial economy, tourism and a wide variety of other subjects was provided to federal government departments, diplomats, academics, businesses and the general public.

Communications

Communications provides public relations counsel and information services for the department and Alberta's out-of-province and foreign offices.

Asia–Alberta Exchange, a quarterly publication describing Alberta's activities with Asian countries, including the province's special relationships, was co-ordinated and produced by the division. The tabloid is distributed widely in Alberta and overseas.

The division operated a gift bank for the government, helping to select appropriate gifts for incoming missions and for ministerial and departmental delegations internationally.

Administration Division

The Administration Division is responsible for the provision of general administrative and financial support services for the department, including personnel, finance, library, and records management. This includes the co-ordination and control of the administrative and financial aspects of all out-of-province offices.

As in previous years a significant amount of work conducted by the division was in support of the Alberta out-of-province offices. The division was also heavily involved in providing administrative support to the Annual Premiers' Conference held in Edmonton in August of 1987.

Departmental expenditures for the 1986/87 fiscal year totalled $7,336,724. The department had an authorized manpower complement of 67 permanent positions and 102.5 man-years. Thirty-eight per cent of the total expenditures during the 1986/87 fiscal year related directly to the support of the Alberta offices in Ottawa, London, New York, Hong Kong, Tokyo, Los Angeles and Houston.

During 1986/87 the department took over administrative responsibility for the Office of the Alberta Trade Representative from the Department of Economic Development.

Translation Bureau

The Translation Bureau provides translation and interpretation services to all provincial government departments, boards, and agencies. The bureau translates correspondence, papers and other documents to and from most languages. It also arranges for simultaneous, consecutive, and escort interpretation.

During 1986/87 the majority of the translation requests were French into English, with a growing need for English into French as well as translations to and from an increasing number of other languages. The greatest demand for interpretation services occurred primarily in conjunction with visitors from Asian countries and on occasion, those of French, German or Spanish origin.

During the 1986 calendar year Federal and Intergovernmental Affairs continued to participate in many federal–provincial, interprovincial and regional conferences. The extent of the department's participation depended, to a large degree, on the level of the conference, its agenda and location. Intergovernmental conferences have become an important and recognized vehicle for facilitating co-operative activity within the federal system.

Federal–Provincial Activity

The following tables on federal–provincial meetings and conferences take into account all meetings at the first ministerial, ministerial, and deputy ministerial levels in which Alberta was a participant. The charts do not reflect the numerous consultations at the officials' level.

Tables 1 and 2 present the total number of federal–provincial conferences by level of representation, categorized according to areas of governmental activity. As such, these tables highlight those policy areas which required the most attention in terms of meetings and conferences, and which level of representation was required for consideration of the subject. The figures represent meetings which were convened in response to a particular concern or situation, as well as those meetings which are held on a continuing basis and have become more established intergovernmental events.

The large number of meetings in the "Trade" category is indicative of the frequency of meetings relating to the free trade negotiations. These meetings included those at a senior officials' level, any meetings of Designated Ministers for Trade Negotiations, and First Ministers' Meetings. Many provincial meetings also occurred in the finance field because of the re-negotiation of federal–provincial fiscal arrangements and consultations on federal tax reform proposals.

Table 2 also shows a significant number of meetings between deputy ministers and ministers on aboriginal constitutional issues. These were in preparation for the First Ministers' Conference on Aboriginal Constitutional Matters held in March, 1987.

Many federal–provincial conferences are served by the Canadian Intergovernmental Conference Secretariat (CICS), a permanent body jointly funded by federal and provincial governments. Services provided by the Secretariat include correspondence with delegates concerning conference arrangements and agenda, preparation of conference transcripts and summary statements, simultaneous French–English translation services, distribution of documents, and the maintenance of records. The Secretariat provides these services for all First Ministers' Meetings, and is available to provide similar services and facilities for meetings of ministers and deputy ministers.

Table 1
Frequency of federal-provincial meetings and conferences according to category and area of government activity – Alberta participation, 1986

	Bilateral	Regional	Multilateral	Total
Constitution	4	0	0	4
General Government	2	0	2	4
Finance	0	0	11	11
Agriculture	0	0	6	6
Transportation	0	0	2	2
Education	0	0	1	1
Energy and Resources	5	1	1	7
Environment	2	2	14	18
Manpower-Labour	1	0	1	2
Statistics	0	0	0	0
Welfare	1	0	2	3
Health	1	0	2	3
Industry	4	0	9	13
Trade	1	0	31	32
Urban Affairs	1	0	1	2
Justice and Laws	0	0	6	6
Consumer Affairs	0	0	1	1
Communications	0	0	4	4
Aboriginal Constitutional Matters and Native Affairs	1	0	9	10
Status of Women	0	0	2	2
Miscellaneous	0	0	7	7
Total	23	3	112	138

Table 2
Frequency of federal-provincial meetings and conferences according to level of representation and area of government activity – Alberta participation, 1986

	First Ministerial	Ministerial	Deputy Ministerial	Total
Constitution	0	4	0	4
General Government	1	2	1	4
Finance	0	6	5	11
Agriculture	0	5	1	6
Transportation	0	2	0	2
Education	0	1	0	1
Energy and Resources	1	6	0	7
Environment	0	13	5	18
Manpower-Labour	0	1	1	2
Statistics	0	0	0	0
Welfare	0	1	2	3
Health	0	3	0	3
Industry	0	5	8	13
Trade	2	8	22	32
Urban Affairs	0	1	1	2
Justice and Laws	0	1	5	6
Consumer Affairs	0	1	0	1
Communications	0	3	1	4
Aboriginal Constitutional Matters and Native Affairs	0	3	7	10
Status of Women	0	2	0	2
Miscellaneous	0	4	3	7
Total	4	72	62	138

Interprovincial Activity

Considerable activity takes place among the provinces. Provinces meet to compare policy positions and to discuss matters of mutual concern and interest. Such meetings also afford the opportunity to discuss matters of an interprovincial nature. Sometimes they are held prior to federal–provincial conferences, and participants attempt to reach a unified provincial position. Established methods for interprovincial co-operation are often the satisfying result. The pinnacle of interprovincial co-operation is the Annual Premiers' Conference. On a regional basis, Alberta participates in the Western Premiers' Conference, usually held annually.

Tables 3 and 4 break down the various interprovincial meetings and conferences during 1986 into categories similar to those used for federal–provincial meetings.

Summary

Interprovincial meetings are fundamental activities in the conduct of federal–provincial and interprovincial relations. They provide an important forum for participants to exchange information and views, resolve conflict, and reach agreement. At a time when there is increasing interdependence among governments, the interaction afforded by interprovincial meetings is invaluable.

Conferences of Provincial Premiers

Provincial Premiers have been meeting annually since 1960. These interprovincial meetings are important features of the Canadian intergovernmental process, providing Premiers with the opportunity to study and discuss issues of mutual concern and interest. The timing of the Annual Premiers' Conference, in mid-August, presents an excellent opportunity for provinces to consider possible agenda items for the Annual First Ministers' Conference held in November.

Table 3
Frequency of interprovincial meetings and conferences according to category and area of government activity – Alberta participation, 1986

	Bilateral	Regional	Multilateral	Total
Constitution	2	0	0	2
General Government	4	1	0	5
Finance	0	0	1	1
Agriculture	0	0	1	1
Transportation	0	0	2	2
Education	0	0	3	3
Energy and Resources	0	0	2	2
Environment	0	0	0	0
Manpower-Labour	0	1	3	4
Statistics	0	0	0	0
Welfare	0	0	2	2
Health	0	0	2	2
Industry	0	0	0	0
Trade	1	1	3	5
Urban Affairs	0	0	1	1
Justice and Laws	0	0	1	1
Consumer Affairs	0	0	0	0
Communications	0	0	0	0
Aboriginal Constitutional Matters and Native Affairs	0	0	0	0
Status of Women	0	0	0	0
Miscellaneous	0	0	1	1
Total	7	3	22	32

Table 4
Frequency of interprovincial meetings and conferences according to level of representation and area of government activity – Alberta participation, 1986

	First Ministerial	Ministerial	Deputy Ministerial	Total
Constitution	0	1	1	2
General Government	1	2	2	5
Finance	0	1	0	1
Agriculture	0	1	0	1
Transportation	0	1	1	2
Education	0	2	1	3
Energy and Resources	0	1	1	2
Environment	0	0	0	0
Manpower-Labour	0	0	4	4
Statistics	0	0	0	0
Welfare	0	1	1	2
Health	0	2	0	2
Industry	0	0	0	0
Trade	0	3	2	5
Urban Affairs	0	1	0	1
Justice and Laws	0	1	0	1
Consumer Affairs	0	0	0	0
Communications	0	0	0	0
Aboriginal Constitutional Matters and Native Affairs	0	0	0	0
Status of Women	0	0	0	0
Miscellaneous	0	1	0	1
Total	1	18	13	32

Annual Premiers' Conference

The 27th Annual Premiers' Conference was hosted by Alberta and chaired by Premier Getty in Edmonton from August 10-12, 1986. The Department of Federal and Intergovernmental Affairs (FIGA) was responsible for organizing the conference as well as co-ordinating briefing material.

Leaders of the governments of the Yukon and Northwest Territories attended the conference as observers, a practice begun in 1982. The three agenda items included the economy; trade; and federal–provincial relations/the Constitution.

Communiqués from the conference are contained in Appendix II. Highlights of the meeting follow.

Edmonton Declaration

The Premiers considered Quebec's five constitutional proposals and unanimously agreed to initiate federal–provincial talks, using Quebec's five proposals as a basis for discussion. They agreed that Quebec's full participation in the constitution was their top constitutional priority, succeeded by the investigation of other constitutional matters such as Senate reform.

This Declaration was of major significance for two reasons. First, it was a clear indication of the commitment of all Premiers to use Quebec's five proposals as the basis for achieving acceptance by Quebec of the country's constitutional framework. Second, the Declaration's provision that other important constitutional matters be discussed, such as Senate reform, ensured the continuation of this beneficial federal–provincial communication process.

Economy

Recognizing that recovery of the economy has been uneven across the country, the Premiers agreed that it is necessary to co-operate with the federal government in an effort to eliminate regional disparities in Canada.

The following important economic issues were discussed:

Agriculture – affirmed the importance of a national strategy, opposing subsidy wars, and ensuring that agriculture is at the centre of the next round of GATT talks;

Softwood Lumber – affirmed a commitment to present a common front in opposition to U.S. protectionist measures and called on the federal government to play a leadership role in this area;

Energy – recognized that low energy prices were a national problem, and stressed the importance of aspiring towards energy self-sufficiency;

Atlantic Fishery – agreed that Canada should extend its fisheries management authority to cover all fish resources off the Atlantic coast of Canada.

Trade

Premiers stressed the importance of both bilateral and multilateral trade negotiations, and emphasized the need for full provincial participation in such matters. They called for provincial Ministers responsible for trade to meet with their federal counterparts as a supplement to the First Ministers' meetings on trade. Premiers also agreed to accelerate initiatives to reduce interprovincial trade barriers. Premier Grant Devine was designated to act as Canadian co-chairman of a Premiers'–Governors' Trade Forum.

Federal–Provincial Relations

Two main topics were discussed by the Premiers: federal–provincial agreements; and tax reform. With respect to agreements, the Premiers acknowledged that unilateral changes to already-established federal–provincial arrangements must be prevented, particularly in the area of fiscal agreements. Premiers also called on the federal government to meet its constitutional commitment to equalization payments. With respect to tax reform, Premiers urged federal consultation and co-operation with the provinces, particularly if any implications for provincial taxes may be involved. Tax reform should enhance the economic development and competitiveness of the entire country and, at the same time, allow the government of Canada to meet its commitments to social programs.

An emergency meeting of Premiers to deal with the cod fishing issue was held in Toronto, on February 9, 1987, at the request of Premier Peckford. Premier Getty continued in his capacity as Chairman of the Premiers' Conference.

The meeting considered concerns expressed by Newfoundland with respect to exclusion from negotiation of cod fishing quotas off Newfoundland's coast in the Canada–France Agreement. A communiqué was issued (see Appendix IV), which stressed: "Provinces must have confidence that they will be consulted and involved in decisions which affect their vital interests."

Western Premiers' Conference

The Western Premiers' Conference – in its current format with the four western provinces in attendance – was first held in 1973. Prior to that time, the Alberta, Saskatchewan and Manitoba Premiers met as the Prairie Economic Council. The objectives of the conference are to ascertain potential areas of mutual and effective co-operation between the provinces and to attempt to achieve, where feasible, a western position on economic and social policy matters. In 1986, the Western Premiers' Conference was held in Swan River, Manitoba, May 29-30. The department was responsible for co-ordinating the briefing and preparations for the conference.

The theme of the agenda was "The Western Economy," focussing on the following matters:

- Agriculture and Renewable Resources
- Trade
- Western Development, Diversification, and Employment

Communiqués from this meeting are included in Appendix III. Following is a summary of meeting highlights.

Agriculture And Renewable Resources

Western Premiers were pleased that agricultural policy was on the national agenda, and they re-affirmed the need to have a co-ordinated approach to developing long-term solutions and short-term action. They discussed a number of topics, including: calling on the federal government to establish a lending program for farmers; calling for a $1 billion deficiency payment to help address problems caused by the international grain market; expressing concern about federal withdrawal of funds and staff from basic research in Western Canada; and re-affirming their commitment to the Port of Churchill. Premiers also acknowledged the importance of forestry and hydro-electricity as renewable resources.

Trade

Premiers expressed their support for the bilateral and multilateral trade negotiations and the principle of full provincial participation in the trade talks. They agreed that the mandate must be set by all First Ministers and that any trade agreement be endorsed by the provinces.

Western Development, Diversification, and Employment

Premiers agreed that the agriculture and natural resource base of the western provinces must be broadened and that diversification should be a high priority of the federal government. They invited the Prime Minister to participate in a western economic development and diversification conference in 1987. Premiers also acknowledged the need to improve the infrastructure of western Canada, including transportation networks and port facilities.

Priorities For Other Conferences

The Western Premiers noted that both the August 1986 Annual Premiers' Conference and the November 1986 First Ministers' Conference were to be held in the west (Edmonton and Vancouver, respectively). They suggested the following agenda items be considered for these conferences:

- agriculture and renewable resources
- trade
- transportation and regional development
- tax reform and federal–provincial fiscal arrangements
- economic equality for women.

The Annual Conference of First Ministers was held on November 20-21, 1986 in Vancouver. The meeting was the second Annual Conference to be held as a result of a Memorandum of Agreement signed by First Ministers on February 15, 1985 in Regina. This Memorandum provides for a yearly conference of First Ministers and a jointly determined agenda, including a review of federal–provincial relations and a discussion of the Canadian economy, among other matters.

The agenda for the November 1986 conference was:

1 Review of the State of the Federation and the Economy
2 Economic Development
3 Economic Equality for Women
4 Trade – Bilateral and Multilateral Negotiations.

Only one communiqué was issued at the conference. This communiqué dealt with Quebec's constitutional proposals. Alberta tabled a document entitled "Canada's Energy Future." (See Appendix VII.)

Energy

Premier Getty, in his opening remarks, focussed on the problems of the energy sector and their effect on all of Canada. (See Appendix V.) Alberta tabled "Canada's Energy Future: Action Today for a Secure Tomorrow," a document which explained why the future supply of Canada's oil is a national issue. The eleven-page document noted that the drastic fall in oil prices and the consequent price volatility resulted in reduced investment and greater unemployment across Canada. The long-term implications are increased depletion of less-expensive conventional sources (because of lower consumer prices), a lack of investment in non-conventional sources, and increasing dependence on foreign oil and gas supplies.

Tax Reform

Tax reform was also discussed by First Ministers. Alberta forwarded the opinion that tax reform should recognize the need in Canada for equity investment and risk capital, and at the same time that it should support regional economic strengths.

The Premier expressed the view that differing degrees of risk in various industries require flexible tax provisions. For example, the high risk, capital-intensive nature of the oil and gas industry are facts which must be taken into account. The tax system must encourage long-term, steady development of this essential resource, which benefits Canadians across the country both through security of supply and employment opportunities.

The federal Minister of Finance's offer to share details of federal proposals was welcomed by all provinces.

Economic Development

In his remarks Premier Getty stressed that governments must address the structural problems underlying regional disparity in Canada, as well as the problems of regional development. Tax reform, trade liberalization and an effective transportation policy are important federal policy initiatives that will help achieve this goal. The Premier stressed that Alberta must build on its economic base of energy and agriculture, a process which the federal government could facilitate by using its procurement policy as a tool of regional development, and by increasing its commitment to Economic and Regional Development Agreements.

Other specific issues discussed under this agenda item included agriculture and fisheries. In November 1985, the First Ministers identified the serious challenges facing the Canadian agriculture and food industry. They directed the Ministers responsible for Agriculture to address

these challenges and develop a National Agriculture Strategy. This strategy was presented at the 1986 conference and was endorsed by all First Ministers. The strategy involved a long-term thrust to create a market-based agriculture and food sector, along with complementary short-term measures for handling temporary difficulties.

While all First Ministers made a commitment to act on the recommendations in the Strategy, Alberta's specific position on the national strategy was the following:

- The strategy needs to reward efficient farmers;
- It must not detract from economic strengths in any one part of the country;
- It must be outward looking;
- It must remove trading barriers in Canada;
- It must recognize market signals.

A paper on the challenges facing the fisheries sector was also tabled at the conference, pursuant to the directions given by First Ministers at the 1985 Conference. Alberta endorsed the paper.

Equality for Women

Premier Getty stressed that economic equality for women is very important to Alberta and that the government is actively committed to equality for women in all aspects of society. He reiterated the government's commitment to quality child care, noting that Alberta has one of the most accessible and affordable day-care systems in Canada. Another example of Alberta's commitment to enhancing equality for women, said Getty, was the creation of the Alberta Advisory Council on Women's Issues. He endorsed the recommendations of the ministerial paper on job training for women, and outlined initiatives by the Alberta government to address the problem of under-representation of women in the province's training programs. (See the Premier's remarks on "Equality for Women" in Appendix VI.)

Trade

Alberta re-affirmed its support for both the bilateral and multilateral trade negotiations. Significant time was spent during private discussions of First Ministers on the issue of softwood lumber. (See section on International Affairs – International Economic Relations for a discussion of this issue.)

Quebec's Constitutional Proposals

First Ministers discussed, during their private session, the progress of bilateral discussions between Quebec and other provincial governments regarding Quebec's constitutional proposals. They agreed that discussions should be continued and expanded among all governments in the hope of achieving an agreement that would enable Quebec to accept the Constitution and that would include, at a later stage, discussions on other constitutional matters such as Senate reform and fisheries. (See communiqué in Appendix VII.)

This discussion and the ensuing communiqué represented a significant commitment by First Ministers to intensify their efforts with respect to the Quebec constitutional issue.

Daylight Saving Time

The United States extended daylight saving time in the spring by beginning on the first Sunday in April rather than the last. First Ministers discussed changing provincial daylight saving time legislation to correspond with the United States initiative, in order to provide a consistent regime of time zones. Alberta supported this initiative, and later introduced the **Daylight Saving Time Amendment Act, 1986** in March. All other provinces except Saskatchewan also agreed to implement legislation to this effect.

Quebec and The Constitution

Over the course of the year, intensive intergovernmental discussions were held to explore possible constitutional amendments which would allow Quebec to resume a full role in Canada's constitutional development. Initially, exploratory talks were held on a bilateral basis between Quebec and other governments; the discussions then moved to a multilateral basis, first among all provinces at the August Annual Premiers' Conference and then among Quebec, other provinces and the federal government.

Quebec's constitutional agenda was publicly set out by the Quebec Minister of Canadian Intergovernmental Affairs, the Honourable Gil Remillard, in a speech at a conference in Mont Gabriel on May 9, 1986. He identified the following five conditions which would have to be met before Quebec would adhere to the **Constitution Act, 1982**:

- explicit recognition of Quebec as a distinct society;
- guarantee of extended powers for Quebec in matters of immigration;
- limitation of the federal spending power;
- recognition of a right to veto for Quebec in amendments to the Constitution;
- participation by Quebec in appointing judges to the Supreme Court.

Prime Minister Mulroney and Premier Bourassa met on June 5, 1986 and agreed that Quebec officials would conduct an informal tour of each of the provinces to get a preliminary indication of provincial reactions to Quebec's proposals. Quebec officials met with Alberta officials on June 19, 1986.

Alberta's position was that Quebec's exclusion from the constitutional process was a major flaw in Confederation that needed to be addressed and Alberta, therefore, was willing to further explore Quebec's proposals. At the same time, there were a number of constitutional principles and objectives that Alberta brought to the discussions. First, any amendments must maintain and strengthen the principle of equality of all provinces. Second, a national commitment to achieving Senate reform must be obtained at the same time as any amendments based on Quebec's five proposals.

Quebec completed its preliminary bilateral talks with all provinces during the summer. On August 12, 1986, at the Annual Premiers' Conference in Edmonton, Premiers discussed the progress of the talks and issued the Edmonton Declaration (see Appendix II). This joint communiqué was of major significance as it was the first clear statement by all Premiers of their commitment to embark immediately on a federal–provincial process, using Quebec's five proposals as a basis for discussion. From Alberta's perspective, it was important that Premiers also agreed to add a sixth item to the constitutional agenda: the guarantee of further constitutional discussions on various matters, including Senate reform.

Throughout the fall, further bilateral discussions ensued at the officials' level, as well as between the Honourable Gil Remillard and the Honourable James Horsman, and between the federal minister, Senator Lowell Murray, and Mr. Horsman.

The matter received additional momentum when on November 21, 1986, at the First Ministers' Conference in Vancouver, First Ministers assessed progress to date. They agreed that discussions should continue and, in fact, should be "intensified and expanded in the formal negotiations." They also reiterated the agreement at the August Premiers' Conference to undertake another stage in constitutional reform on matters such as Senate reform and fisheries.

Following the First Ministers' Conference in November, further bilateral ministerial discussions were held. Mr. Horsman met on separate occasions with Senator Murray and Mr. Remillard. On March 5 and 6, 1987, federal–provincial officials met in Ottawa to consider the progress of the talks and to share positions on the proposals.

On March 17, 1987 Prime Minister Mulroney issued an invitation to all Premiers to meet at Meech Lake on April 30 to discuss Quebec's constitutional proposals.

Aboriginal Constitutional Matters

Discussions at the national level on aboriginal constitutional matters, as called for in section 37.1 of the **Constitution Act, 1982**, continued in 1986-87. During this period, a total of 14 conferences took place: one First Ministers' Conference, five Ministerial-level conferences and eight officials' conferences. All conferences were attended by representatives of the federal government, provincial and territorial governments and four national aboriginal groups: Assembly of First Nations, Inuit Committee on National Issues, Metis National Council and Native Council of Canada. Discussions focussed on the possibility of reaching agreement among participants on a constitutional amendment on the aboriginal right to self-government.

The final scheduled First Ministers' Conference on Aboriginal Constitutional Matters was held March 26-27, 1987 and was attended by Premier Getty, Jim Horsman and Ken Rostad, Solicitor General and Minister responsible for Native Affairs. A number of constitutional amendments on the aboriginal right to self-government were proposed at this conference. The federal government proposed an amendment in this regard wherein the aboriginal right to self-government was contingent on negotiated self-government agreements and which included a commitment by governments to negotiate self-government agreements.

The Alberta government expressed the position at the conference that aboriginal people be provided with the opportunity to have a major role in controlling their own affairs. Aboriginal self-government should begin at the grass-roots level. The Alberta government argued that meaningful progress regarding aboriginal self-government aspirations can best be dealt with in practical ways through legislation, programs and policies. In this regard, the following examples of provincial initiatives in Alberta were cited by Premier Getty at the Conference:

- new legislation for Metis concerning local government on Metis settlements, the transfer of title to 1.28 million acres of land from Alberta to the Metis, and constitutional protection of the land transfer;
- land holding of Metis co-ops in the Grande Cache area;
- development and funding of regional offices for the Metis Association of Alberta;
- the **Alberta Northland School Division Act, 1983**, which has resulted in Indian and Metis comprising the majority of elected school committee members in Northern Alberta;
- three child welfare agreements which ensure that Indian bands have control over the foster care of their children;
- establishment of a model on-reserve policing service controlled by the Louis Bull Band; and
- recent settlement of the Fort Chipewyan Cree Band Treaty land entitlement claim, the largest outstanding Treaty land entitlement claim in Canada.

At the same time, the Alberta government expressed the strong view at the First Ministers' Conference that any constitutional rights, including an aboriginal right to self-government, must first be defined carefully and fully understood before they are entrenched in the Constitution. Otherwise, government would invite confusion and uncertainty, and would leave it to the courts

to interpret the meaning of self-government. The Alberta government also argued that constitutional entrenchment of an undefined, inherent aboriginal right to self-government could lead to the establishment of a third order of government in Canada, possible sovereign or equal to both the federal and provincial governments. In this case, there would be major impacts on all citizens of Alberta and Canada. For these reasons the Alberta government, as well as the governments of British Columbia, Saskatchewan and Newfoundland, did not support the federal government's proposal for a constitutional amendment on the aboriginal right to self-government.

Aboriginal leaders at the First Ministers' Conference, as well, were unable to support the federal government's proposal for a constitutional amendment.

The Alberta government expressed a commitment to continue working with aboriginal people in Alberta to address their specific aspirations for land, self-government and opportunities to benefit from provincial programs and services.

During the reporting period the federal government and provincial governments began the customary five-year review of the fiscal arrangements. The federal Finance Minister, the Honourable Michael Wilson indicated in the May 23, 1985 budget address that, as part of its expenditure reduction plan, the federal government would be seeking $2 billion in yearly savings in the established programs' transfer by 1990. These cash transfers for health and education amounted to approximately $8 billion worth of disbursements to the provinces during the 1985-1986 fiscal year.

On June 27, 1986, Bill C-96 was passed. It amends **The Federal–Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977**, by limiting the yearly increase in the federal contribution to the percentage increase in the Gross National Product, minus two per cent. The Act will reduce federal contributions to the provinces significantly over the next five years. While most provinces recognized the need for federal expenditure reductions due to the size of the federal deficit, concern was expressed over the size of the reduction and the federal government's unwillingness to place a sunset clause in the legislation.

No major changes were expected to the equalization program which was to expire at the end of March, 1987. Only minor refinements to the tax bases were considered. While the receiving provinces would prefer a return to the all-province National Average Standard, the federal government was unwilling to forsake the less costly Five–Province Standard. Bill C-44, amending the equalization section of **The Federal–Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977**, was introduced on March 11, 1987.

1986-87 was an active year for the energy side of intergovernmental relations, for two reasons. First, the dramatic drop in world oil prices, which had followed oil price deregulation in early 1986, raised the issue of the future of Canada's oil supplies, and the role of governments in assisting in development of such supplies during times of dramatically decreased investment in exploration and drilling. Second, the period of transitional measures aimed at achieving market-sensitive gas pricing, introduced by the October 31, 1985 Agreement on Gas Pricing and Markets, was due to end November 1, 1986.

Oil Supply

Alberta had two basic concerns arising out of the precipitous fall in oil prices in early 1986. The first was the immediate survival of a core Canadian conventional oil and gas sector. The second was the longer-term outlook for Canada's oil supply in an environment of low or highly unstable oil prices. In both cases, the province felt that, because of the importance of the oil sector to the Canadian economy and its vital economic role in the west, federal assistance was warranted. Given the national dimension of the problem, Alberta, throughout the reporting year, made extensive efforts to seek the support and co-operation of the federal government and other provinces in addressing the situation facing the country's oil and gas section.

Multilateral Discussions

In Edmonton on August 12, 1986, at the Annual Premiers' Conference, Alberta succeeded in obtaining the agreement of the other provincial premiers that the threat to the energy sector was "a national problem requiring a national solution." (See Appendix II, communiqué No. 7.) Premiers agreed that a "high priority be given to develop strategies which will stimulate Canada's oil and gas activity."

This support was further reinforced by a meeting on September 15, 1986 of provincial Energy Ministers. At this meeting, Alberta presented strong evidence of the threat posed to Canada's energy security by low oil prices. Alberta Energy's analysis indicated that Canada could be importing over half of its light oil supplies by the year 2000 unless some efforts were made to bring on new supplies. The meeting resulted in a telex to the federal Minister, the Honourable Marcel Masse, calling for an urgent meeting to address the oil supply issue.

Further efforts were made to raise national awareness of the oil supply issue. In November 1986, FIGA co-ordinated the production (in co-operation with Energy and Treasury,) of a booklet entitled "Canada's Energy Future: Action Today for a Secure Tomorrow." This booklet was tabled at the First Ministers' Conference November 20, 1986, and was subsequently distributed to thousands of opinion leaders, as well as to businesses and other organizations across Canada.

On January 30, 1987, as a direct result of the September 1986 provincial Energy Ministers' meeting, a joint federal–provincial meeting of Energy Ministers was held – the first such meeting in nine years. The meeting addressed the issue of oil supply and the actions required to secure new supplies. As a result of this meeting, a working group was established to examine options and make recommendations to Ministers.

Bilateral Discussions

While active on a multilateral basis, Alberta also had extensive bilateral discussions with the federal government on immediate actions that could be taken to assist the conventional industry. In September, 1986, these efforts resulted in the federal government's decision to accelerate the removal of the Petroleum and Gas Revenue

Tax. The tax, originally scheduled for phase-out in 1989 under the 1985 Energy Agreement, was removed effective October 1986 in recognition of the severe impact of lower oil prices on company cash flows.

Discussion continued throughout the 1986-87 winter on other forms of assistance to the sector. Alberta called for the extension of the earned depletion allowance to the oil and gas industry and, while this was rejected by the federal government as inconsistent with federal tax reform initiatives, the federal government did announce on March 26, 1987, a major new program of Canadian Exploration and Development Incentive Payments worth $350 million annually. These payments would cover one third of the costs of new wells to a maximum of $10 million. The program is expected to generate $1 billion in new investment.

Gas Deregulation

Alberta and the federal government moved, throughout the 1986/87 reporting year, to fully implement the provisions of the October 31, 1985 Agreement on Natural Gas Prices and Markets. While the Agreement had provided for "significantly freer access to domestic and export markets" (Section 16), Alberta considered two aspects of the National Energy Board (NEB) to be inadequate and not in conformity with the Agreement: the NEB's administration of the adjacent border price test for gas exports to the U.S.; and the revised NEB definition of exportable surplus for gas.

On October 28, 1986, the matter was resolved by an exchange of letters of agreement between the Honourables Neil Webber and Marcel Masse regarding the monitoring of gas export prices and the initiation, by the NEB, of new hearings on a surplus test for gas exports. The letters outlined the principles governments would follow in establishing surplus determination criteria and procedures; they committed the Governments of Canada and Alberta to withdraw from the administration of interprovincial gas pricing; and they established that the federal government would replace the administration of export pricing criteria with a system of monitoring prices of actual transactions. Alberta also agreed to direct the Energy Resources Conservation Board to re-examine Alberta's surplus test for removal of gas from the province.

Other regulatory actions in the U.S. and the continued gas surplus have posed a challenge to Alberta producers seeking to sell gas in the U.S. market. In addition, Alberta became concerned in the spring and fall of 1986 with the extent to which the actions of governments and provincial agencies in gas-consuming provinces might undermine the intent of the 1985 agreement. Compounded by difficulties in the U.S. market, the result could be artificially depressed gas prices and a threatened gas-producing industry.

The May 1986 Manitoba budget, which imposed a tax on the gas used to drive pipeline compressors which move Alberta's gas to eastern markets, was of particular concern. In addition, the Ontario Energy Board's continued approval of contracts in December 1986 and March 1987 appeared to raise doubts about contracts negotiated between Western Gas Marketing Limited and Ontario distributors, despite the fact that the contracts offered major discounts and had the approval of Alberta gas producers.

In both cases, Alberta expressed concern to the governments involved and held discussions with the intent of resolving these issues to the benefit of both gas producers and consumers.

The problems of the agricultural sector continued to be a major focus of intergovernmental activity in 1986-87. Grain farmers, hard-hit by consecutive years of low prices and drought, were faced with a major reduction in initial prices offered by the Canadian Wheat Board. The continuing international grain subsidy war between the European Economic Community and the United States was the major focus in this regard.

In November 1985, First Ministers had directed their Ministers of Agriculture to develop a National Agricultural Strategy to address both the short-term problems of the agriculture sector and its longer-term opportunities. Intergovernmental discussions took place throughout 1986, resulting in a National Agriculture Strategy being adopted by First Ministers in November, 1986.

The short-term problems of farm income and farm debt were the subject of initiatives from both levels of government. In its April budget, the Alberta government announced the Alberta Farm Credit Stability Program, which provided $2 billion of 20-year credit at an affordable nine per cent interest rate. In December, the federal government, urged by provincial Premiers and farm organizations, announced the Special Canadian Grains Program, which provided $1 million in deficiency payments to grain and oil seed producers.

Alberta continued to pursue a change in the **Western Grain Transportation Act** to allow the Crow Benefit to be paid to producers. Former Economic Development and Trade Minister, Hugh Planche, was recruited as Alberta's task force leader. The Alberta Feed Grain Market Adjustment Program continued to pay feed users a compensatory subsidy in an effort to offset the distortion in feed grain prices created by the current method of payment.

As the 1986-87 fiscal year drew to a close, prospects for the agricultural sector continued to be uncertain. For the grain and oil seed sectors, lower input costs and lower interest rates were offset by the prospect of even lower prices. It was clear the government would continue to be called upon for assistance. In the livestock sector, prospects were improving and producers looked forward to the possibility of a free trade agreement with the United States, as well as changes in domestic policies.

Federal and Intergovernmental Affairs is responsible for the administration of the Canada–Alberta Economic and Regional Development Agreement (ERDA). The ERDA, signed on June 8, 1984, is an umbrella agreement which establishes a framework for enhancing federal–provincial co-operation and co-ordination, aimed at realizing Alberta's economic and regional development potential.

Co-chaired by the Deputy Minister of FIGA and the Alberta Federal Economic Development Co-ordinator, the ERDA Management committee is responsible for co-ordinating activities under the agreement, advising Ministers of progress and action required, and implementing ministerial decisions. As part of the ERDA's programs and activities, the subsidiary agreements and memoranda of understanding are implemented by the responsible line departments and administered by FIGA officials acting as *ex officio* members of Management and Steering Committees. In this capacity, they are able to provide liaison to the ERDA Management Committee, and advise on the relationships of specific initiatives to the broader overall objectives of the Agreement.

The purpose of the 10-year agreement is to develop federal-provincial co-ordination, based on the following objectives:

- tailoring federal programs and policies to ensure the, are consistent with development opportunities and priorities in Alberta;
- creating mutually supportive development activities;
- strengthening multi-departmental co-ordination within and between the two governments; and
- reducing duplication and unnecessary regulation.

To date, subsidiary agreements (cost-shared 50:50) have been concluded in the following areas:

Forestry	$23 million
Tourism	$56.3 million
Northern Development	$40 million
Agricultural Processing	$50 million

The following five Memoranda of Understanding have also been signed:
Tourism
Agri-Food Development
Science and Technology
Native Development
Transportation

Memoranda of Understanding focus on the development and implementation of complementary policies, programs and activities, as well as the monitoring of existing programs to reduce duplication.

Annual Ministers' meetings allow for reviews of both provincial economic development priorities, and federal and provincial activities in relation to these priorities. The Courses of Action approved at these meetings provide work plans for officials.

During the past year, activity focussed on the development of the following additional agreements which will aid in the diversification of the provincial economy:

- *Science and Technology* – development of a cost-shared agreement to provide assistance to industries based on new technologies.
- *Industrial Development Assistance* – efforts were aimed at developing a cost-shared agreement to tailor federal industrial assistance to Alberta's needs.

On March 12, 1987, federal–provincial ministers responsible for Science and Technology met in Vancouver to sign the new National Science and Technology Policy. This policy commits both orders of government to encourage technology commercialization, develop strategic technologies and promote basic and applied research.

Part of the department's mandate is to approve all intergovernmental agreements. This helps to ensure that all agreements reflect and are consistent with Government of Alberta policy. During 1986/87 over 40 agreements were signed by Alberta. The more major agreements signed this year included the following:

Global Housing Agreement

The Alberta–Canada Global Agreement on Social Housing was originally signed in December 1985. It provides the framework for federal–provincial cost-shared social housing programs and initiatives. In May 1986, the Alberta–Canada Operating Agreement of Social Housing was established for the purpose of implementing the principles of the Global Agreement.

Vocational Rehabilitation of Disabled Persons (VRDP)

The Vocational Rehabilitation of Disabled Persons (VRDP) Agreement provides for federal and provincial cost-sharing of various vocational rehabilitation services for disabled persons. Originally signed in 1962, the VRDP Agreement was re-negotiated for the 1986-88 period in January 1987.

Institutional Training

In December 1986, Canada and Alberta concluded negotiations on a renewed institutional training agreement. The agreement stipulated that the federal government purchase courses at accredited educational facilities, in support of current labour force training needs. The 3-year agreement provides that Canada will contribute approximately $45 million toward institutional purchases in 1986-87, with that amount subsequently decreasing by 15 per cent in 1987-88 and 20 per cent in 1988-89.

Joint Emergency Planning Project

Alberta and Canada have been engaged in numerous Joint Emergency Planning Project agreements throughout the year to ensure that facilities, funding and training are available to respond to any form of emergency.

Alberta–Canada Agreement on Maintenance Enforcement

This agreement between the Attorney General of Alberta and the federal Department of Justice establishes a cost-shared program to facilitate the registration of, and compliance with, maintenance and alimony payments ordered by the courts. The agreement is for a 15-month period (ending March 31, 1988) and totals $161,000, which is cost-shared: Canada 80%/Alberta 20%.

Alberta–Canada Parole Supervision Agreement

Several parole supervision functions are transferred from the federal government to Alberta (e.g., day parole, mandatory supervision) as a result of this agreement. Approximately 30 federal employees of the Correctional Service of Canada employed in the parole area became Alberta public servants. The agreement lasts for ten years with a provision for joint review after five years.

Canada–Alberta Waterfowl Crop Damage Compensation Program Agreement

This is an up-date to the Waterfowl Crop Damage Compensation Program which provides for compensation to agricultural producers for damage by waterfowl. The agreement, signed in March, 1987, involved two Alberta government departments: Forestry, Lands and Wildlife, and Agriculture.

Canada–Alberta Accord for the Protection and Enhancement of Environmental Quality

This agreement, signed by the Department of Environment, outlines the rules and responsibilities of the federal and provincial governments with respect to environmental matters within the province. The agreement was extended for a 5-year term and was signed in May, 1986.

Canada–Alberta Fisheries Agreement

Co-operation between Canada and Alberta in the management of the fresh water resources within the province is provided for in this agreement. The Department of Forestry, Lands and Wildlife represented the Government of Alberta in this agreement, signed in January, 1987.

Canada–Alberta Guiding Meteorological Observing Stations Agreement

This agreement provides for mutual co-operation in the installation and operation of weather-observing stations at five provincial outposts. Under the agreement the Alberta Departments of Transportation and Utilities and Telecommunications will operate the stations. The agreement was concluded in November, 1986.

Energy: Exchange of Letters Respecting Natural Gas Deregulation

In October 1986, the federal and Alberta Ministers of Energy exchanged letters concerning the implementation of the October 1985 Agreement on Natural Gas Markets and Prices. The letters outlined the principles governments would follow in establishing surplus determination criteria and procedures. They committed the Governments of Canada and Alberta to withdraw from the administration of interprovincial gas pricing; and they established that the federal government would replace the administration of export pricing criteria with a system of monitoring prices of actual transactions.

Canada–Alberta Agreement on Implementation of Federal Export Charge on Softwood Lumber Exports to the U.S.

Due to the threat of possible imposition by the U.S. government of a 15 per cent duty on softwood lumber as a result of a trade complaint in 1986, intensive Canada–U.S. negotiations led to Canada agreeing to impose an export charge of 15 per cent on softwood lumber, rather than having the U.S. apply and collect a 15 per cent duty. Addressing Alberta's concern that the federal government implement and administer the tax on behalf of Alberta, the Minister of FIGA negotiated a federal–provincial agreement with the Secretary of State for External Affairs and the Minister for International Trade. The agreement acknowledged Alberta's constitutional concerns relating to its resource management responsibilities, and provided for the transfer of federally collected funds to Alberta.

Northern Alberta Family Violence Research Project

This agreement provides funding ($185,322) for a research project to collect and analyze information on the responses of the legal and social systems to family violence cases in selected northern Alberta communities.

The central focus of Alberta's international affairs is the United States, which accounts for about three-quarters of the province's exports, investment and tourists.

Besides this primary emphasis on Canada–U.S. relations, the activities of the government as a whole, as well as the division, continued to focus on Asia, reflecting the worldwide shift of economic activity to the dynamic economies of the Pacific Rim.

The importance of this emphasis on Asia is demonstrated by the trade statistics, which show that Alberta's markets in the Asia/Pacific region represented 49 per cent of non-U.S. exports in 1986, versus 26 per cent for Europe/U.S.S.R. Six of Alberta's leading ten export markets in 1986 were Asia/Pacific nations.

Europe continued to be the most important non-U.S. source of investment in 1986, accounting for about one quarter of direct foreign investment reviewed by Investment Canada. European tourists were also the most numerous after American visitors.

The following tables give a good statistical overview of the breadth of Alberta's international affairs and activities.

Table 5
Alberta's exports to top 20 countries in 1986 ($'000)

Country	1981-85 Average	1986	% Change
United States	8,913,967	7,601,533	- 14.7
Japan	650,356	702,770	+ 8.1
U.S.S.R.	373,041	413,774	+ 10.9
South Korea	90,652	200,795	+121.5
Brazil	121,566	148,936	+ 22.5
China	198,826	140,091	- 29.5
Morocco	39,767	136,122	+242.3
Taiwan	63,728	121,813	+ 91.1
Australia	56,810	81,215	+ 43.0
India	61,514	64,491	+ 4.8
United Kingdom	67,428	60,872	- 9.7
Cuba	33,741	60,015	+ 77.9
Tunisia	44,140	57,030	+ 29.2
South Africa	44,322	54,547	+ 23.1
Netherlands	77,991	52,792	- 32.3
Indonesia	33,086	51,148	+ 54.6
France	48,239	41,936	- 13.1
East Germany	37,176	41,691	+ 12.1
Belgium/ Luxembourg	50,017	37,172	- 25.7
Saudi Arabia	6,346	36,250	+471.2
Other Countries	500,593	480,572	- 4.0
Total	11,513,307	10,585,565	- 8.1

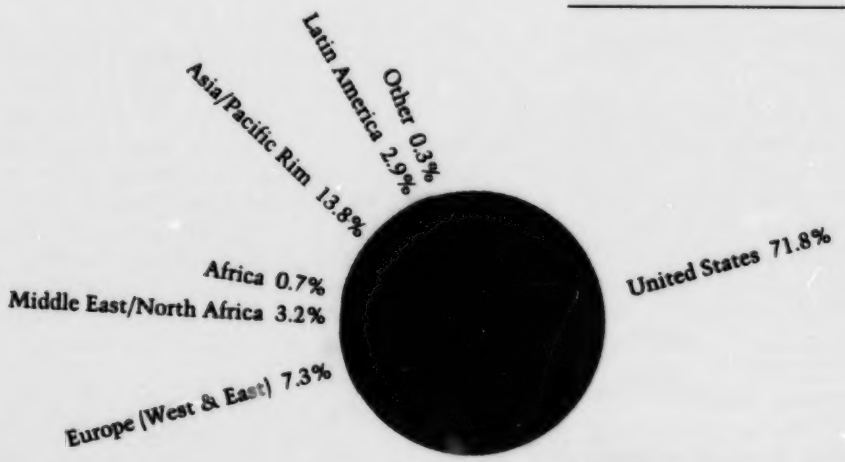


Figure 1
Alberta's exports to world regions, 1986

Table 6
Alberta exports to world regions, 1984–1986

	1984		1985		1986	
	$'000	%	$'00	%	$'000	%
United States	9,359,003	74.9	10,505,744	77.2	7,601,533	71.8
Asia/Pacific Rim	1,394,390	11.2	1,703,158	12.5	1,459,246	13.8
Europe (East/West)	1,036,964	8.3	624,248	4.6	773,603	7.3
Middle East/ North Africa	297,330	2.4	361,517	2.7	337,589	3.2
Latin America	305,233	2.4	310,115	2.3	310,995	2.9
Africa	94,289	0.8	101,222	0.7	73,366	0.7
Other	250	0.0	1,296	0.0	29,233	0.3
Total	12,487,209	100.0	13,607,300	100.0	10,585,565	100.0

Table 7
Tourists to Alberta, 1984–86 – top ten countries/regions

Country	1984	1985	1986	1984-86	% of Total (1984-86)
United States[1]	944,352	867,209	1,362,348	3,173,909	84.5
United Kingdom	53,708	48,201	66,224	168,133	4.5
Japan	42,648	47,649	46,672	136,969	3.6
West Germany	32,281	25,070	38,236	95,587	2.5
Australia	19,295	22,213	22,178	63,686	1.7
Hong Kong	9,272	6,958	11,669	27,899	0.7
Netherlands	9,518	7,993	10,206	27,717	0.7
Switzerland	8,326	6,910	9,539	24,717	0.7
Scandinavia[2]	7,365	6,338	6,837	20,540	0.5
New Zealand	4,905	3,729	7,179	15,813	0.4
Total	1,131,670	1,042,270	1,581,008	3,755,028	100.0

Notes

1 There were also day visitors from the U.S.: 131,215 in 1984; 156,791 in 1985; and 168,245 in 1986 – for a three-year total of 456,251.

2 The Scandinavian countries are grouped together. If they were excluded, France would be the tenth country, with 5,097 visitors in 1984, 4,053 in 1985, and 4,042 in 1986, for a total of 13,192.

Table 8
Alberta Agency for International Development – aid to selected countries, 1982/3 –1986/7 ($'000)

	1982/3	1983/4	1984/5	1985/6	1986/7	3-Year Total	5-Year Total
Bangladesh	222.1	127.9	295.6	254.0	311.6	861.2	1,211.2
Bolivia	160.6	508.8	512.7	292.9	201.0	1,006.6	1,676.0
Colombia	156.0	162.8	300.6	459.3	61.2	821.1	1,139.9
Dominican Republic	34.6	199.1	297.4	72.8	101.2	471.4	705.1
Ecuador	260.1	248.9	00.0	14.1	24.0	538.1	1,047.1
Ethiopia	287.4	12.0	1,072.0	1,030.3	351.0	2,453.3	2,752.7
Haiti	159.7	378.9	359.4	232.4	335.9	927.7	1,466.3
Honduras	262.0	363.4	23.5	39.5	71.0	134.0	759.4
India	360.2	946.6	1,036.1	693.9	696.4	2,426.4	3,733.2
Indonesia	343.2	40.5	147.8	107.8	219.2	474.8	858.5
Jamaica	103.3	76.2	175.8	36.9	144.2	356.9	536.4
Kenya	451.4	618.9	429.5	197.0	575.4	1,201.9	2,272.2
Nicaragua	117.5	–	156.5	108.8	309.3	574.6	692.1
Pakistan	271.5	350.9	322.0	257.5	394.2	973.7	1,596.1
Papua/ New Guinea	69.8	134.7	297.9	71.6	21.1	390.6	595.1
Peru	105.7	253.8	203.6	287.2	177.6	668.4	1,027.9
Philippines	154.8	96.5	172.2	280.3	62.1	514.6	765.9
Sudan	109.5	36.3	100.6	98.1	229.8	428.5	574.3
Tanzania	104.8	44.4	83.7	104.7	102.4	390.8	540.0
Thailand	264.9	166.6	71.0	21.6	42.5	135.1	566.6
Uganda	241.4	18.8	51.6	328.3	63.2	443.1	703.3
Zimbabwe	140.1	81.5	64.3	40.7	160.3	365.3	586.9
Other	350.3	32.7	69.1	24.9	45.2	139.2	522.2
Total	6,999.9	6,998.9	9,994.3	7,268.8	6,637.0	23,900.1	37,898.9

[redacted]

Rising trade protectionism and the Canada–U.S. free trade negotiations were dominant international concerns for the Alberta government in 1986-87. The Canada–U.S. softwood lumber dispute, free trade negotiations, and the initiation of a new round of multilateral trade negotiations (under the auspices of the General Agreement on Tariffs and Trade – GATT) all led to increased federal-provincial co-operation on trade issues. These issues demonstrated the necessity of provincial participation in trade negotiations as more areas falling within provincial constitutional responsibility were scheduled to be addressed in international negotiations.

1986 Western Premiers' Conference: Trade Communiqué

At their meeting in Swan River, Manitoba in May, 1986, the Western Premiers confirmed their continuing support for the Canada–U.S. free trade negotiations as well as the multilateral trade negotiations. They also united in support of the principle of full provincial participation in trade talks, and stated that the mandate for negotiations must be endorsed by the provinces. Western Premiers recognized the perils of protectionist measures and called upon the United States to resist protectionist pressures. (See Appendix III, communiqué No. 2.)

Table 9
Official international visitors to Alberta

Country	1986/87	1985/86	1984/85
Japan	37	33	33
People's Republic of China	34	38	35
United States of America	24	40	35
U.S.S.R.	16	12	11
Hong Kong	10	8	7
United Kingdom	8	10	18
Australia	5	10	14
Thailand	5	7	7
Federal Republic of Germany	5	6	10
Republic of Korea	4	9	9
France	4	5	9
German Democratic Republic	4	4	2
United Arab Emirates	4	–	–
Kuwait	4	–	–
Hungary	3	6	3
India	3	5	1
Finland	3	5	6
Mexico	3	5	3
Colombia	3	5	3
Saudi Arabia	3	5	–
Costa Rica	3	5	–
Netherlands	3	2	3
Venezuela	3	1	4
Norway	3	1	5
Kenya	3	–	–
Switzerland	2	6	4
Argentina	2	4	3
Indonesia	2	3	8
Belgium	5	3	4
Israel	2	2	6
Sweden	2	1	3
Yugoslavia	2	–	4
Malaysia	1	6	8
Singapore	1	6	4
Brazil	1	3	2
Austria	1	3	2
Other	40	58	62
Total	258	317	328

Table 10
Comparative figures for official visits to Alberta by purpose

	1986/87	1985/86	1984/85
Familiarization Tours			
• Foreign Diplomats	17	38	37
• Canadian Diplomat	12	23	17
• Media	3	23	15
Trade and Investment	77	110	120
Energy	41	36	45
Agriculture	16	35	27
Culture and Education	23	16	23
Science and Technology	24	14	10
Other	45	22	34
Total	258	317	328

Softwood Lumber

Although the bilateral trade negotiations had commenced with the United States, on-going trade issues between the two countries continued to demand immediate attention. Foremost amongst the trade irritants was the dispute over softwood lumber.

Canadian sales of softwood lumber to the U.S. had taken an increased share of the U.S. lumber market during the 1980's. This was due to the superior quality of the Canadian product, cheaper cost because of the greater efficiency of Canada's modern lumber facilities, higher Canadian labour productivity, and competitiveness resulting from the decline of the value of the Canadian dollar in relation to the U.S. dollar. Lumber producers in the U.S. alleged that Canadian sales were successful because "artificially low" provincial stumpage rates for timber constituted an "unfair Canadian subsidy." Such an allegation had been made previously in 1983 and at that time was found to be without foundation by the U.S. Department of Commerce. In 1986 a new trade complaint was lodged citing that changed circumstances warranted a review. In this instance there was considerable industry, labour and political pressure to assist the depressed U.S. lumber industry.

The Alberta government worked closely with the Alberta lumber industry, the federal government and other provincial governments to refute all possible allegations of subsidization. With the concurrence of the industry, Canadian governments offered to negotiate a settlement with the U.S., but this was not achieved. The relevant U.S. investigating agencies issued their preliminary rulings stating that Canadian provinces were subsidizing their industries. Although Canada's legal advice reinforced the validity of the Canadian position to the effect that there was no subsidy, it was recognized by the Canadian side that the U.S. agencies would not reverse their initial decision as they moved towards a final ruling. In that event, there was no doubt that Canada would have been subjected to a 15 per cent duty on softwood lumber – a sizeable amount of money which would have flowed into U.S. coffers. Further legal challenges by Canada through the U.S. courts would have taken two to four years. Another option for Canada, that of a referral to GATT's dispute settlement procedures, was also ruled out. The deficiencies of dispute settlement procedures under the GATT would have meant that the U.S. would not necessarily have been forced to drop its duty, even if GATT had sustained Canada's position.

These circumstances ultimately led to discussion amongst First Ministers during their Annual Conference in Vancouver in November 1986. First Ministers agreed to authorize the federal government to seek a negotiated settlement prior to the final U.S. rulings, due December 31, 1986. Intensive Canada–U.S. negotiations, coupled with continuous federal-provincial consultation, ultimately saw a negotiated settlement reached by December 31. Under this settlement, it was agreed that Canada would impose an export charge of 15 per cent, instead of the U.S. imposing and collecting a 15 per cent duty.

The successful outcome of the negotiations ensured that the revenues collected from the sale of softwood lumber to the U.S. stayed in Canada and flowed back to the provincial governments. The Canada–U.S. Softwood Lumber Memorandum of Understanding (MOU) ensured that there would be no U.S. intrusion into Canadian forest management practices. The MOU provided for the possibility of provincial replacement measures for the federal export charge, the value of which would be negotiated with the United States.

The conclusion of the MOU resolved this major Canada–U.S. trade dispute, thereby permitting both governments to focus on the comprehensive free trade negotiations. A major objective of these talks for Canada was to establish a climate whereby such disputes in the future could be avoided or resolved more easily through a bilateral disputes mechanism. The deficiencies of the GATT process, and the potential for harassment under the U.S. trade law system due to U.S. industry pressures, had reinforced for Alberta the need for a comprehensive free trade agreement.

While the Canada–U.S. lumber dispute had been resolved, Alberta continued to have concerns related to the federal export tax. Premier Getty had made it clear to First Ministers that Alberta would not accept a federal export tax imposed unilaterally on a provincial resource product. Premier Getty agreed to the measures to resolve the lumber dispute on the understanding that the federal government was implementing the export tax on behalf of Alberta and administering it for the province. To give effect to this, the Minister of Federal and Intergovernmental Affairs negotiated a federal-provincial agreement with the Secretary of State for External Affairs and the Minister for International Trade. This agreement addressed Alberta's constitutional concerns related to its resource management responsibilities, and provided for the transfer of federally collected funds to Alberta.

Canada–U.S. Free Trade Negotiations

The bilateral trade negotiations became more intensive and detailed through 1986-87. Full provincial participation in the negotiations, in accordance with the principle adopted by First Ministers at their annual conference in Halifax in November 1985, was discussed at a special meeting of First Ministers on June 2, 1986. The meeting was called to respond to the previous issue of provincial participation, raised by Premier Getty while chairman of the Premiers. Premier Getty wrote to the Prime Minister outlining the views of the Premiers on provincial participation. On June 2, 1986 First Ministers agreed that full provincial participation, for the purposes of the bilateral negotiations, would be enacted through regular meetings of First Minsters, supplemented by meetings of Designated Ministers responsible for the trade negotiations in each province. The June 2, 1986 meeting provided the opportunity for First Ministers to discuss the mandate for the Canadian negotiating team, and for each of the Premiers to outline the priorities and concerns of greatest importance to their respective province.

At the officials' level, a federal–provincial Continuing Committee on Trade Negotiations (CCTN) was established. Chaired by Canada's chief negotiator, Ambassador Simon Reisman, this committee included trade representatives of each province. CCTN meetings were scheduled to be held monthly, or more frequently as required, while sub-committee meetings on technical and detailed issues were to be scheduled according to the pace of negotiations. In 1986-87 four First Ministers Meetings on Trade Negotiations were held, supplemented by seven meetings of Designated Ministers (mostly to address the softwood lumber issue), and one meeting of trade ministers. The CCTN met nine times and sub-committees met more frequently.

The quarterly meeting process allowed Premiers to be fully informed on the progress of the negotiations, to be aware of negotiating problems and sensitive issues, and to reinforce provincial objectives and concerns. Premier Getty forcefully argued for Alberta's objectives of securing greater and more secure access to the U.S. market for the priority sectors of agriculture (particularly beef and processed products),

energy, petrochemical, and forest products. Alberta's additional priority objectives included fairer dispute settlement procedures and a freer flow of investment.

This new approach to international trade negotiations was an innovative example of federal-provincial co-operation in an era of co-operative federalism – a distinct departure from the previous round of multilateral talks during the 1970's, when provinces had little opportunity to influence Canada's negotiating position. Premier Getty played a key role in forging this new federal-provincial consensus.

Multilateral Trade Negotiations

A new round of multilateral trade negotiations was launched in September, 1986 at a meeting of international trade ministers in Punta del Este, Uruguay. The contracting parties (approximately 90 countries) to GATT recognized that protectionist pressures were mounting worldwide, and that a new round of negotiations to liberalize trade was necessary to resist this trend and to revitalize participating countries' economies, as well as world trade.

The GATT Ministerial Work Program, begun in 1982, had laid the groundwork for this new round of negotiations. Alberta had strongly supported Canada's efforts to secure a new round of formal negotiations, and sought at the same time greater provincial participation in developing Canada's negotiating position. The federal government responded to this request in the spirit of co-operative federalism which had prevailed at the June 2nd meeting on bilateral negotiations. Accordingly, the Alberta Minister of Federal and Intergovernmental Affairs joined ministers from Ontario, Quebec and Nova Scotia in attending the GATT conference in Uruguay, as part of the Canadian delegation led by the Secretary of State for External Affairs.

The efforts of the countries participating in the Uruguay conference resulted in the launch of the Uruguay Round of Multilateral Trade Negotiations, and for the first time, agreement was reached to negotiate in the areas of agriculture and services. The special emphasis on agricultural negotiations was a particular priority of Alberta and Canada. Although the bilateral negotiations with the United States were providing an opportunity to resolve many trade concerns with Alberta's closest and largest market, the multilateral negotiations were also considered important because of the opportunity they provided to address larger international trade problems, particularly the agricultural subsidy wars. It was recognized that Canada and the U.S. could not by themselves solve the problems caused by other countries' agricultural subsidies, and so the multilateral negotiations continued to be a priority for Alberta.

Agricultural Trade Policy Concerns

Although many Alberta concerns and objectives for the agricultural sector were pursued either through the bilateral or multilateral negotiations process, other avenues were also used to further Alberta's interests.

The Federal-Provincial Agriculture Trade Policy Committee met throughout the year and provided another vehicle for Alberta to address agriculture concerns, such as the National Agriculture Strategy, for which the Committee prepared the agriculture component, subsequently adopted at the Annual Conference of First Ministers.

The Committee, as a result of the initiative of the provincial co-chairman from Alberta Agriculture, undertook discussions with American state counterparts. This led to an agreement between the U.S. National Association of State Departments of Agriculture (NASDA) and the ten provincial agriculture departments to establish a Provinces-States Agricultural Accord.

The accord was concluded in May, 1986 at a meeting of provincial ministers of Agriculture and members of the Board of Directors of NASDA. The accord provides a means of consultation for provinces and states to identify and resolve problems affecting trade in agricultural products. A number of specific commodity working groups were established to work on problems identified by both sides. The accord provided an example of the capability of an effective trans-border information- and concern-sharing mechanism to eliminate agricultural trade problems. It reinforced the need to establish this type of process under a comprehensive free trade agreement.

International Energy Developments

A degree of stability which returned to world oil prices during 1986/87 did not lessen the attention devoted to international developments affecting energy prices. Alberta continued its contacts and involvement with the International Energy Agency and closely monitored the Organization of Petroleum Exporting Countries (OPEC) developments.

Proposed legislation and regulatory developments in the United States affecting trade in energy products were monitored closely and the appropriate representations made. These developments included a U.S. discriminatory "superfund" levy on imported oil, U.S. Federal Energy Regulatory Commission rulings affecting natural gas, and the continued threat of a U.S. oil import fee.

These experiences played an important part in determining Alberta's position on the energy aspects of the free trade negotiations. Securing access to the U.S. market for Alberta's energy products constituted a major objective in the trade negotiations, since the elimination of concerns about ongoing access to the U.S. market would serve to create a stable and attractive investment climate for oil, gas, heavy oil and oil sands development in Alberta.

Provincial Involvement in International Meeting

Alberta continued its efforts to expand provincial involvement by playing an active role in Canadian delegations at international consultations and negotiations, especially where the talks included issues of direct relevance to the province. Significant progress was achieved in expanding the scope of provincial participation. The federal government demonstrated that it recognized the need for greater provincial participation in Canada's bilateral and multilateral trade negotiations. Progress also was made towards achieving Alberta's goals of greater involvement in forums such as the International Energy Agency, the Canada–Japan Joint Economic Committee, various Canada–United States mechanisms, and the Canada–U.S.S.R. Mixed Economic Commission.

Alberta Management of Trade Negotiations

The Alberta Ministerial Task Force on International Trade Negotiations, chaired by the Minister of Federal and Intergovernmental Affairs and including the Minister of Economic Development and Trade, the Minister of Agriculture, and the Provincial Treasurer, provided ongoing direction, established Alberta's priorities and objectives, and pursued them with their federal counterparts.

Federal and Intergovernmental Affairs assumed the responsibility of co-ordinating the preparation of all First Ministers Meetings on Trade Negotiations, and provided reports and follow-up. The Alberta Trade Representative and Federal and Intergovernmental Affairs represented Alberta at all meetings of the Continuing Committee on Trade Negotiations. The Departments of Agriculture, Economic Development and Trade, and Energy also attended many of these meetings.

International Cultural, Scientific and Educational Activities

International cultural, scientific and education activities are an important aspect of Alberta's relationship with other countries. They provide a valuable means to increase contact and improve understanding between peoples, to stimulate new ideas, to promote the development of Alberta's artists, scientists and teachers, and to further trade and other economic goals of the province. For example, cultural, education and sports exchanges are important elements of Alberta's special relationships with its three sister provinces in Asia.

Alberta representatives participate as part of Canadian delegations to a number of cultural mixed commissions with key countries, and also as part of Canada's delegations to several multilateral educational and cultural meetings. The province, for example, regularly participates in various United Nations-sponsored meetings and conferences, as well as conferences and working groups of the Organization for Economic Co-operation and Development (OECD).

Culture

Some of the cultural exchange highlights of 1986-87 included a tour of the United Kingdom by Chinook Theatre; a series of concert performances in the U.S.S.R. by the Hertz Trio; a tour of selected European countries by the Edmonton Youth Orchestra; performances by the Balada Romanian Folk Ensemble in Romania; a tour of selected South American countries by Trio Exalta; a Japanese tour by the childrens' mime theatre Arete Physical Comedy Troupe; a tour of Europe by jazz artist "Big Miller"; and the display of the Glenbow exhibit "Images of the Land" in Czechoslovakia and Germany. Important cultural visitors to Alberta in 1986-87 included the Ainu Performers from Hokkaido, Japan; the Royal Thai Ballet; and the Chinese brush painter Master Chen Mozhe. A film crew from Czechoslovakia also visited the province in 1986. Performances and exhibitions were held by a large number of other Alberta artists and groups throughout the world, and the province continued to host many cultural groups from Asia, Europe, and elsewhere.

Education

Alberta continued its support for Canadian Studies at universities and other institutions outside the country. This support is provided to encourage a greater emphasis on Western Canada and Alberta in Canadian Studies' programs abroad. Grants were made to several institutions and organizations in the United States, including the Association for Canadian Studies in the United States in Washington, D.C.; the 49th Parallel Institute in Montana; the University of Washington Libraries in Seattle; and the State University of New York in Buffalo. As well, funds were provided to the Foundation for Canadian Studies in the United Kingdom to assist activities and projects at the universities of Leeds, Birmingham, London and Edinburgh. In Asia, financial assistance was provided to Yonsei University in Korea to help initiate a Canadian Studies program. A lecture tour of Japan and Korea by Professor Lejnieks of the University of Alberta was also sponsored under this program.

Scholarships for study at the graduate level at Alberta universities were again offered to a number of students from overseas in 1986-87. Many of these scholarships are offered to Asian students, as part of Alberta's continuing efforts to strengthen ties with Asia and provide foreign students with an important understanding of the province and its relationship with the rest of the world. Under the auspices of the Department of Advanced Education, scholarships are assigned specifically to

Table 11
Canadian Studies Grants by the Government of Alberta

	1986/87	1985/86	1984/85
United States			
•Association for Canadian Studies in the U.S. *$10,000 U.S.*	$ 13,858	$ 13,668	$ 13,180
•49th Parallel, An Institute for American/Canadian Studies *$10,000 U.S.*	13,858	13,668	13,180
•Canadian Institute of International Affairs, New York *essay contest – $400 U.S.*	554	550	531
•University of Lethbridge, Conference on Canada–U.S. Free Trade	3,265		
•University of Washington Libraries, Seattle	3,000		
•Institute for U.S.–Canada Business Studies, Pace University, New York	1,500		
•Canadian Studies Program Northwestern University, Chicago	5,000		
•Canadian Studies Program University of California, Berkeley	5,000		
•Canadian Studies Program Brigham Young University	5,000		
•Centre for Canadian Studies Johns Hopkins University	10,000		
•Canadian Studies Program Duke University	5,000		
•Canadian Consulate, Dallas	400		
•Americas Society (Centre for Inter-American Relations)	1,386		
Japan			
•Chiba University *initiate Canadian Studies*	5,000		
•Lecture Tour of Japan and Korea (Professor Lejnieks, University of Alberta)	8,258	10,000	
Korea			
•Yonsei University, Seoul *initiate Canadian Studies*	15,000	10,747	
Hong Kong			
•Chinese University of Hong Kong *medical exchange*		2,500	5,000
•University of Hong Kong *initiate Canadian Studies*		7,500	
United Kingdom			
•Foundation for Canadian Studies in the U.K.*	10,000	20,000	37,500
•Royal Commonwealth Society		15,371	
Total	$70,822	$99,005	$99,791

*Distributed primarily to Universities of Leeds, Birmingham, London, Edinburgh. 1984/85 grant included $17,500 for endowment fund drive.

students from Alberta's sister provinces of Heilongjiang, China; Hokkaido, Japan; and Kangwon, Korea, as well as the University of Yonsei in Seoul. Additional graduate scholarships are also made available to students from Europe, specifically the United Kingdom, Belgium, France, and the Federal Republic of Germany.

The Government of Alberta, in 1986-87, also offered ten scholarships to senior business representatives from foreign countries, tenable for a six-week period at the Banff School of Advanced Management. The scholarships are funded by the Department of Economic Development and Trade, and recipients in 1986-87 were from countries in both Asia and the Middle East.

Further, the Government of Alberta, primarily through its Departments of Advanced Education and Economic Development and Trade, continued its support of the Alberta Summer Institute for Petroleum Industry Development (ASIPID) program held each summer at the University of Alberta. ASIPID, formed in 1983, is a two-month training program in advanced petroleum technology designed for personnel from developing countries. Forty participants from various countries attended the program in 1986.

Science

In the area of international scientific exchange, emphasis was placed on co-operation in northern technology and the natural resource sector. Coal liquefaction and transportation, heavy oil and oil sands technology, and enhanced oil recovery were of particular importance. China and the Federal Republic of Germany are two countries with which significant co-operative scientific activities have been initiated.

Technical Co-operation – Oil Sands

The Alberta Oil Sands Technology and Research Authority (AOSTRA) continued to be active in the international sphere in 86-87. Existing co-operative agreements for the development and exchange of technology in the fields of oil sands, heavy oil, and enhanced oil recovery were pursued. These efforts helped solve common technological problems, reduce costs through joint efforts and expand the available pool of expertise, while at the same time assisting in the marketing of Alberta petroleum-related technology. AOSTRA also provided analysis and testing services for countries which have hydrocarbon deposits similar to those in Alberta. Countries with which AOSTRA has co-operative agreements include the following:

South America
Argentina
Peru
Venezuela
Brazil

Asia
China
Japan

Europe
Hungary
Romania

United States

International Assistance – Agency For International Development

During 1986-87, the Alberta International Development Agency (AID) continued its program of supplementing funds raised in the province by non-governmental organizations involved in a variety of international assistance projects in developing countries. Total funding by the Government of Alberta in 1986-87 amounted to $6,516,924, which was used to assist 366 projects in approximately 75 countries. The projects were supported in co-operation with over 90 non-governmental organizations. Types of projects supported throughout the developing world included health and medical services, agricultural and small industry development, vocational training, literacy campaigns, water provision, refugee assistance, and community development.

Table 12
Alberta contributions to top ten countries, 1981–1985 ($'000)

India	3,733.2
Ethiopia	2,752.7
Kenya	2,272.2
Bolivia	1,676.0
Pakistan	1,596.1
Haiti	1,466.3
Bangladesh	1,211.2
Colombia	1,139.9
Ecuador	1,047.1
Peru	1,027.9
Other countries	19,976.3
Total	37,898.9

London Office

During the year, James H. McKibben, Agent General at Alberta House for the previous six years, was succeeded by Mrs. Mary LeMessurier, who took up her appointment on January 5, 1987.

In addition to the Agent General, the staff at Alberta House includes senior representatives from the Departments of Economic Development and Trade and Tourism, who are responsible for representing Alberta's interests in the United Kingdom and Europe, specifically for their respective departments, but generally for all government departments. Their duties include the maintenance of close relations with the British and European business and investment communities, Canadian and provincial offices in Britain and Europe, and European government officials.

Specific activities undertaken in 1986/87 included the following:

- Promotion of institutional investment: Regular contact with members of the European investment community enabled Alberta House to advise a variety of Albertan companies seeking funds in the United Kingdom.
- Market research was carried out on behalf of Albertan companies wishing to expand their markets into the United Kingdom and Europe. One company opened an office in the United Kingdom during the year.
- Trade assistance was given to a number of Albertan companies and government officials in the promotion of the province's goods and services, particularly in the computer technology field and telephone communications. Contracts in both these fields have been secured.
- In the continuing effort to promote sales of Alberta beef, Alberta House maintained close contact with the Canadian representatives to the European Communities in an effort to obtain a more equitable quota for Canadian exports.
- Business travel and convention promotion: Continuing support was given to Alberta Tourism in its efforts to promote the province, particularly as a convention destination. Presentations were held in London and other European capitals underlining this theme. Alberta House participated in the International Tourisme Bourse in Berlin, the world's largest tourism trade show.
- Alberta House facilities continued to be made available for Alberta companies doing business in Europe and to national and international organizations with Alberta membership. During the year, the Banff Centre established an office within Alberta House. Student and academic organizations linked with Canada are also able to use the facilities as a means of providing a two-way exchange of information and assistance.
- Assistance has been given to U.K. companies and individual businessmen wishing to locate in Alberta, and close contact has been maintained with British companies having existing interests in the province.
- On the cultural side, various Alberta art exhibitions were held, together with receptions for exhibitors, musicians, and for other representatives of the arts – all in an effort to provide Albertans with exposure to wider audiences.

Tokyo Office

Alberta House in Tokyo was established in 1970 and is responsible for representing Alberta's interests in Japan and Korea. In 1985 the status of the post was upgraded to Agent General level, placing the office on equal footing with London, New York, and Hong Kong.

Activities in 1986/87 concentrated primarily on trade promotion, investment, culture, education, sports, tourism, and the numerous exchange programs between Alberta and two of its sister provinces: Kangwon, Korea and Hokkaido, Japan. Much of the assistance provided by the office is in the area of technical information and supporting the efforts of the private sector. The office was involved in facilitating negotiations for a joint venture between an Alberta company and a Japanese firm in the pharmaceuticals sector. In addition, the office supported and co-ordinated academic program development missions led by the Deputy Premier focussing on development of academic programs, as well as investigations of Japan's labour practices by Alberta's Minister of Labour.

Ongoing efforts by the office in promoting Alberta beef in the Japanese market resulted in sales of over 300 tonnes in 1986. More than twenty missions to Alberta by potential beef buyers were organized to help the customer understand the unique aspects of our product. Alberta beef promotions were organized in more than 50 retail stores, and in 12 restaurants. Major co-ordination of this and other projects were handled by the Tokyo staff. The Tokyo Office assisted with arrangements for a unique exchange program between Seiyu stores – a large department store chain – and Alberta Agriculture. This exchange will assist Alberta processors in developing products for the Japanese market, along with a better understanding of its requirements.

The 1988 Winter Olympics in Calgary provided the focus for tourism promotion in 1986/87. Through direct promotional activity inside Japan, and the support of Japanese television and media missions to Alberta, much publicity for Alberta resulted. Several Japanese television crews were assisted in visiting Olympic facilities at Mt. Allan. The presence of a famous Japanese adventurer at a celebrity event resulted in significant media coverage throughout Japan of Olympic facilities and preparations.

Greater emphasis on development of academic and educational exchanges with Japan and Korea resulted in the establishment of a Canadian Studies program at Yonsei, a prominent university in Seoul, Korea. As well, initiation of a Korean Studies program at the University of Alberta was undertaken. The president of the University of Calgary led a mission to Japan and Korea, for which the office assisted with co-ordination and general planning. The mission resulted in new agreements for international academic co-operation.

The office was also instrumental in including Alberta on the itinerary for the high-level Japanese Investment Survey Mission, led by the chairman of the Keidanren (Japanese Federation of Economic Associations).

Hong Kong Office

The Hong Kong office was established in 1980 to represent Alberta's interests in China, the ASEAN countries, Australia, New Zealand, and Hong Kong. During the year the office pursued a number of opportunities in the areas of petroleum and gas, agriculture, investment, and telecommunications, while continuing to encourage and help Alberta companies open new markets in the Asia/Pacific region.

The People's Republic of China (PRC) remained the main market in the region for Alberta goods including oil and gas equipment and services, and telecommunications equipment. Energy development is a priority in China in their seventh Five Year Plan, and Alberta companies are actively involved in introducing Alberta oil and gas technology to several of China's oil fields.

The Hong Kong office participated in the following oil and gas promotions in China in 1986-87:

- Provincial mission to Beijing/Daqing oilfield – September, 1986.
- Federal Heavy Oil Mission to four of China's Heavy Oil Fields – October 1986.
- Onshore China – 1986 Oil Show in Guangzhou.
- Alberta Mission to Sichuan Province – February 1987 (to initiate natural gas echnology discussions).

Alberta exports to Hong Kong increased by 22 per cent in 1986, from $23 million to $28 million. Particular emphasis was placed by the Hong Kong office on the sale of Alberta food products in general, and Alberta beef in particular. Eight Alberta companies participated in the Canada '87 Food and Beverage Show, March 19-20, 1987. The Show was a major success in attracting Hong Kong food industry participants. Related food promotions were held during March, 1987 at restaurants, grocery chains, and hotels. Sales of Alberta beef showed good increases during the year with short ribs popular in the Chinese restaurants and prime cuts in the four-star hotels.

The Hong Kong office played a major role in matching Alberta producers with potential buyers throughout the region. In this respect Alberta producers have proven to be high quality, reliable suppliers. Products sourced from Alberta included fertilizers, plywood, oil and gas equipment, housing packages, electronic equipment, telecommunications equipment, plastic resins, coal technology, anti-pollution technology, animal hides, vegetable oils and various other food products.

A new program – the Agent Search Program – was launched in 1986-87, whereby the Alberta Hong Kong office began a concentrated effort to help Alberta companies locate reliable agents and distributors for their products in the various countries in the region. This program is a particularly effective method for smaller companies to market to China, using a good Hong Kong agent already familiar with the Chinese market.

In the area of investment promotion, the Hong Kong office undertook a number of initiatives in 1986-87 to encourage investment in Alberta, including the following:

- Alberta participated in the Money 86 Investment Trade Show, to inform Hong Kong investors about a variety of opportunities in Alberta.
- The Business Immigration Program was accelerated, in conjunction with Canadian posts in the region. The enthusiasm and interest in entrepreneurial business immigration to Alberta from several countries continued to increase.
- A variety of investment seminars were held in Singapore and Hong Kong, along with Investment Missions to several countries. These all helped to increase the profile of, and interest in, investment opportunities in Alberta.
- Investors from the Asia/Pacific region showed particular interest in manufacturing opportunities in Alberta electronics, plastics, clothing and food processing. Interest was also demonstrated in Alberta's forest industry, real estate and energy. In this respect the highlight of the 1986-87 fiscal year was the decision by Mr. K.S. Li of Hong Kong to purchase a controlling interest in Husky Oil and Gas Ltd. of Calgary. This purchase has significantly raised Alberta's profile in Asia and heightened interest in oil and gas property investments in the province.

New York Office

The focus of activity for the New York office continued to centre on the financial community in 1986-87. With the lower price for oil depressing government revenues, the investment banking community proved to be an invaluable source of information on projected global energy and economic trends. The office sought to cultivate new contacts and maintain a positive image for Alberta, both with the investment community as well as the ratings houses such as Moody's and Standard and Poors. The staff also continued to assist Alberta companies seeking investment from U.S. companies.

Other activities included the monitoring of legislative and regulatory activities in Washington, D.C., particularly in the energy and trade areas. The office assisted Travel Alberta in initiating an enhanced promotional effort in the northeastern United States, with a focus on Philadelphia and Washington.

The office also maintained its support of Canadian Studies in the northeastern United States, by providing assistance to the Center for Inter-American Relations, assisting with an essay contest arranged by the Canadian Institute of International Relations and the State University of New York at Plattsburgh, and implementing an exchange program between Pace University of New York and the University of Calgary.

Los Angeles Office

The Los Angeles office provides assistance to Alberta exporters, many of whom are entering the Western U.S. market for the first time.

In light of Alberta's significant exports of natural gas to California, the office continued to monitor the changing energy scene with a particular focus on the natural gas sector. Other important sectors for trade promotion included agricultural goods, and electronics. Working jointly with the consulates in San Francisco and Los Angeles, several investment seminars were held, which produced new business ventures for the province. Several contracts were also obtained by Alberta companies participating in an aerospace trade mission. The office participated in the continuing efforts to persuade California film producers to make films in Alberta, an effort which showed real results in 1986/87.

The services which the Los Angeles office provides were augmented in 1986/87 with the establishment of a tourism component to promote Alberta as a tourism destination for Californians. These promotional activities, although linked to the 1988 Olympic Winter Games in Calgary, are designed to establish continued awareness of Alberta beyond 1988. Major activities included the Banff/Nakiska Celebrity Ski Invitational, Alberta Days '87, and a portable eight-foot-wide mountain display, used in parades and shopping mall promotions.

Houston Office

Activity at this office reflected the general climate surrounding the fall in world oil prices. As prices began to rise again toward the end of the reporting period, the Houston office began receiving an increasing number of inquiries about investment opportunities in Alberta. As it became apparent throughout the year to many investors that the over-supply of natural gas in the United States might end sooner than expected, this added to the interest in investment opportunities in Alberta. These requests came from both companies in the U.S. Southwest, as well as Latin America, since several Latin American countries maintain offices in Houston. In conjunction with the Canadian Consulate in Dallas, the Houston office provided information on federal and provincial incentive programs available to energy producers.

As in the past, the office identified potential markets for Alberta oil and gas equipment in Latin America countries. With the oil price recovery, it is expected that these countries will be increasing their equipment purchases.

Tourism promotion also continued to be an important focus of activity, as requests for information on the province as a tourism destination rose. This higher profile is expected to increase following the publicity of the 1988 Olympics in Calgary.

Free Trade Negotiations

The free trade negotiations were the dominant focus of Alberta's relations with the United States in 1986-87. As a strong supporter of a bilateral free trade agreement, Alberta was intimately involved in the course of the negotiations. The Department of Federal and Intergovernmental Affairs was represented in Washington during the Senate Finance Committee's dramatic hearings on free trade in April, 1986, during which the Committee almost refused to give President Reagan fast-track authority to negotiate a free trade agreement with Canada. For the rest of the year, the department actively monitored developments on the issue within Congress and the administration. In the following months, many of the activities of FIGA's minister, the Honourable James D. Horsman, were directed towards promoting the negotiations in the United States.

Alberta's interest in the free trade negotiations was, of course, due to the vital importance of the United States as a market for provincial exports. The United States continued to be the most important market for Alberta products, absorbing about 75 per cent of all exports. However, the value of exports from the province to the United States in 1986 was significantly lower than the previous year. Alberta's exports were worth $7.58 billion, a decline of nearly $3 billion. Much of this decline was attributable to the worldwide decline in prices for oil and natural gas. While the volume of crude oil exported from Alberta increased in 1986 by approximately 86,000 barrels per day (24 per cent), the value of these exports declined by over $1.5 billion (35 per cent). Similarly, the volume of natural gas shipments declined by 19 per cent, while the value of these shipments was down by over $1 billion (31 per cent).

Trade Issues

Besides the free trade negotiations, other trade issues were closely monitored by the department during the reporting year. Of particular concern to Alberta was a proposal by Congressman Sam Gibbons (D. Florida) to expand the definition of a natural resource subsidy under U.S. trade law. It was feared that this might have consequences for Alberta programs that had never before been considered countervailable under international trading laws. The Gibbons proposal was only one of a number of protectionist provisions proposed by members of Congress in 1986-87. Responding to the growing U.S. trade deficit, some 200 pieces of protectionist legislation were introduced in Congress, including omnibus trade bills under consideration by both houses. Alberta urged the Canadian Government to take a strong stand on these issues and transmitted a similar anti-protectionist message to visiting American legislators and journalists.

Energy Issues

There were a number of developments of concern to Alberta in the energy sector, including the prospect of the imposition of an oil import fee. Producers in the southwest U.S. lobbied for measures that would provide some relief to the depressed oil and gas sector in the wake of falling oil prices. Gas producers also expressed the concern that industry deregulation in Canada would allow Canadian gas to flood the U.S. market. Amidst these calls for protectionist action, the U.S. did impose a tax on petroleum which was marginally higher for imports than for domestic production, thereby discriminating against Canadian oil. This tax was part of a superfund levy to pay for environmental clean-up. The threat of a more significant import fee did not materialize, despite continuing demands by the industry.

Canadian gas producers were unhappy, however, about a regulatory ruling issued by the Federal Energy Regulatory Commission (FERC) in December, 1986 which disallowed use within the United States of the Canadian system of gas pricing. The effect of the ruling was to prevent Canadian producers from recovering all their costs from American purchasers. This became a major issue in bilateral energy trade, and the department helped to co-ordinate Alberta's response with the federal government's.

Visits To The United States

The Minister's chief priority during several visits to the United States in 1986 was to speak to American audiences about the dangers of protectionism and the importance of a bilateral free trade agreement with Canada. In October, for example, Mr. Horsman addressed a conference in Minneapolis on trade and investment opportunities in Canada, in which he explained the importance of bilateral trade to Minnesota and the nation, and outlined the provincial role in negotiations. He gave a similar speech in November in Los Angeles to the Foreign Trade Association of Southern California. Mr. Horsman also participated in a seminar on the same topic in New York in February, 1987, which was sponsored jointly by the Americas Society and Pace University. Senior executives from investment houses and law firms attended the session.

State-Provincial Contacts

Alberta continued its efforts to develop closer relations at the state-provincial level during 1986/87. In September, the Minister attended a meeting of the State Legislative Leaders Foundation, which brings together legislative speakers and the majority and minority leaders from state legislatures. Mr. Horsman was asked to become the first honourary member of the board of directors from outside the United States. At the September conference in Los Angeles, Mr. Horsman used the opportunity to promote the bilateral trade negotiations and inform legislators about the importance to the United States of trade with Canada. This was a consistent message in speeches to audiences throughout the United States, since many Americans are unaware of the volume and significance of this trade. More than one American President for instance has made reference to Japan as the United States' largest trading partner, when in fact Canada is first, and is considerably ahead of Japan as a buyer of American goods.

Another significant initiative of Mr. Horsman's at the state level has been the Canada–United States Legislative Project, of which he is the Canadian co-chairman. The Project brings together legislators from state and provincial governments to discuss topics of mutual interest. In February, 1987, the department assisted in the organization of a conference held in Florida on the issue of bilateral free trade. The state legislators who attended were interested to learn of the breadth of issues covered by the negotiations, including some under state jurisdiction. At their request, it was decided that this topic should continue to be pursued at future meetings of the Project.

Alberta–Montana

Also at the state–provincial level, a meeting of the Alberta–Montana Boundary Advisory Committee was held in Medicine Hat in November 1986. This Committee was established in 1985 to provide a forum in which legislators from the province and state could meet on a regular basis to exchange information and discuss any problems that might exist. Under the chairmanship of Mr. Horsman and Montana Lieutenant Governor George Turman, the committee discussed such topics as the free trade negotiations, the possible construction of a dam on the Milk River, and agricultural issues. The committee also received a report from tourism officials on a joint tourism promotion that was about to be launched by Montana and Alberta in the western United States.

Visits to Alberta

Several important visits to the province from the United States took place in fiscal year 1986. Congressman John LaFalce (D. New York) visited Alberta in November, and indicated that he intended to concentrate in Congress on bilateral trade issues. In meetings with Mr. Horsman and Deputy Premier David Russell, as well as with senior government officials, he demonstrated a comprehensive knowledge of trade relations, and provided valuable insights into the operation of Congress.

Also of interest to the province was a visit in August 1986 by Professor Stephen Blank, Director of the Institute for United States–Canada Business Studies at Pace University in New York. The Institute promotes greater awareness of Canada–United States economic relations within the university, through a variety of means such as the identification of Canadian cases that can be used by United States business professors, and the sponsorship of business seminars on subjects such as free trade. The purpose of the visit was to establish ties with Alberta universities so that information on Western Canada could be included in the Pace curriculum and to give Alberta students and faculty direct access to an institution in the New York financial community. Through the department's program for support of Canadian Studies abroad, a small grant was given to Professor Blank to pursue these objectives.

Having surpassed Europe as the second most important trading region for Alberta a number of years ago, the Asia–Pacific region continued to be a substantial and growing market. The region contains almost half of the world's population, and countries in the area have maintained economic growth rates of four to seven per cent for the past decade. Six of the top ten destinations for Alberta products lie in the Asia–Pacific region. Individually, Japan, Korea and China ranked second, fourth, and sixth respectively as countries of destination for Alberta products in 1986. The Asia–Pacific region accounted for 13 per cent of Alberta's total exports in 1986, and more than half of all non-U.S. exports. In 1986 Alberta was host to almost sixty thousand tourists from Japan and Hong Kong alone, and this number is expected to increase as a result of tourism promotion and increased international exposure during the 1988 Winter Olympics.

The value of 1986 exports to the Asia–Pacific region was estimated at $1.4 billion, a decrease of 14 per cent from the previous year, resulting from the decrease in commodity prices, especially wheat.

In recognition of the potential of the Asia–Pacific region, Alberta maintained its efforts to expand overall relations with countries of the region. This was facilitated by the Alberta presence in offices in Japan and Hong Kong; by an increasingly active Canadian studies program at universities in the region; by frequent trade, investment and other missions from Alberta to Asia; by our trade shows, promotions and exhibitions; and by the large number of visits from Asia, encouraged and received by Alberta.

Activities in Asia concentrated mainly on Alberta's three largest Asian trade partners – Japan, China, and Korea – with particular emphasis on the sister province relationships in those countries. There also has been a growing interest in further development of other Asian markets in South and Southeast Asia, particularly in Thailand, Malaysia, Indonesia, and India.

Japan

In 1986 Japan imported goods from Alberta worth a total of $702 million. This represented an overall decrease of 11 per cent from 1985 sales, primarily attributable to a drop in both the price and volume of coal and barley sales, and a decrease in the price of canola. Wheat sales increased by 97 per cent over 1985 sales. Principal exports in 1986 were coal, canola, wheat, petrochemicals, and barley.

In October of 1986, Alberta hosted the Japanese Investment Survey Mission, attended by the Chief Executive Officers from 25 of Japan's key corporations. The report later prepared by the mission leaders was very favourable toward Canada and Alberta as a location for Japanese investment in the high technology sectors. This contrasted favourably with a similar report prepared almost a decade earlier.

Korea

The Republic of Korea continues to be a rapidly growing export market for Alberta. The value of Alberta's 1986 exports to Korea was $200.7 million, representing an increase of 17 per cent over 1985 sales, mainly due to an increase in sales of sulphur and wheat. Other principal exports were petrochemicals and coal. Alberta's exports to Korea in 1986 represented 22 per cent of Canada's total exports to that country.

China

China purchased Alberta products valued at $140 million in 1986. This represented a decrease of 54 per cent from 1985, due primarily to a decrease in both the volume and price of wheat exports, as well as a fall-off in sulphur and urea sales to China. Principal exports in 1986 were wheat, petrochemicals, and barley. During this year, Alberta was privileged to host two visits from China, one from Vice-Premier Yao Yilin and one from Agriculture Minister He Kang. During their visits, both emphasized that Canada's share of grain purchases will not be diminished, Canada will remain a preferred supplier of grain to China, and China will not divert purchases from Canada to the United States. These visits afforded the province the opportunity to showcase the technology and expertise that Alberta can offer China in its drive for modernization. Alberta officials and private sector representatives also initiated discussions with the province of Sichuan, aimed at establishing closer relations and interaction in the areas of natural gas and agricultural development.

Alberta is actively involved in three well-developed sister province relationship programs (twinnings) with the northern provinces of Heilongjiang (China), Hokkaido (Japan) and Kangwon (Korea). These affiliations, based on shared climates and resources, have provided valuable opportunities within the last decade for the strengthening of Alberta's relations in the Asia–Pacific region. Individual exchange programs ensuing from these special relationships resulted in over 150 missions, exchanges, and other activities in 1986 in various areas of mutual interest, such as commercial interaction, agriculture, forestry, technology, science, medicine, education, culture, sports, advanced education, and municipal interaction. Co-operation in these areas has progressed continuously since the initiation of these formal affiliations.

Formal biennial consultations between Alberta and each of its sister provinces were held in 1986/87 to review past accomplishments and to jointly plan future co-operation and initiatives in all areas. As well, Alberta contributed to the closer relations between Hokkaido and Heilongjiang, which led ultimately to the formal affiliation of these two provinces in June, 1986. Subsequently, the first Trilateral Consultations between Alberta, Heilongjiang and Hokkaido were held in Edmonton in February, 1987. This reflected the realization by each province of the benefits which could be derived from expanding bilateral relations to include this new concept of three-way interaction. It was agreed that trilateral co-operation would commence in biotechnology, coal research, medicine, agriculture, forestry, and sports.

In the area of municipal interaction, six Alberta municipalities continued their affiliations and exchanges with counterparts in the sister provinces, including:

- Edmonton and Harbin, Heilongjiang
- Calgary and Daqing, Heilongjiang
- Stony Plain and Shika-Oi, Hokkaido
- Lacombe and Rikubetsu, Hokkaido
- Rocky Mountain House and Kamikawa, Hokkaido
- Camrose and Kamifurano, Hokkaido

Heilongjiang

Commercial activity between Heilongjiang and Alberta increased in 1986-87, as Alberta's oil and gas equipment companies signed a record number of contracts with Heilongjiang's Daqing oilfields (China's largest). Alberta equipment and technology in this area established a reputation for quality throughout China, resulting in a significant breakthrough in 1986 into larger Chinese markets, to the tune of $62.3 million in sales for Alberta oil and gas equipment firms. A comprehensive science and technology exchange program was developed between Alberta and Heilongjiang in 1986, during which 21 Heilongjiang and Alberta scientists and researchers undertook joint research in areas such as laser research, computer simulation, and genetic engineering.

Edmonton and Calgary's sister city affiliations with Harbin and Daqing in Heilongjiang also produced commercial benefits for both cities. Economic Development Authorities in both Alberta cities took the lead in pursuing commercial opportunities in telecommunications, manufacturing, and engineering with their sister cities, and numerous contracts were signed.

Other successful exchanges occurred in medicine, sports, and advanced education. Four Heilongjiang recipients of Alberta Minister of Advanced Education Scholarships arrived to begin graduate studies at Alberta universities. As well, during a November, 1986 mission to Heilongjiang, the Honourable David Russell (Deputy Premier and Minister of Advanced Education) presented Heilongjiang with three new non-university scholarships in agriculture, tenable at agriculture colleges in Alberta. Alberta sent two additional teachers of English-as-a-Second-Language to Daqing, Heilongjiang in 1986, bringing the total number of Alberta teachers sent to train oilfield and petrochemical managers and students to 25, since the program's inception in 1983.

Hokkaido

Alberta's relations with Hokkaido began their third five-year period with a new focus on commercial interaction. In September, 1986 the first meeting of the Hokkaido–Alberta Commercial Exchange Committee took place in Sapporo, for purposes of investigating areas for commercial co-operation between the provinces. Representatives from both sides agreed to develop trade and investment in areas such as consumer goods, agricultural products and machinery, high technology, tourism, cold-regions technology, and research and development. This set the stage for direct contacts between Alberta and Hokkaido companies wishing to initiate trade with each other. Alberta sold 450,000 tonnes of thermal coal to Hokkaido in 1986, and sales of beef and agricultural products increased as well.

The medical exchange program between Alberta and Hokkaido was extended in 1986 for another 3-year period and physicians and researchers from both sides began long-term exchanges involving research and training in such specialized fields of medicine as pediatric neonatology, ear surgery, and physiology. Hokkaido's first two recipients of the Alberta Minister of Advanced Education Scholarship arrived in Alberta in 1986, and 10 Alberta university students travelled to Hokkaido for language study. Additional exchanges occurred in

municipal co-operation, culture, and education; a Hokkaido Japanese language teacher spent one year teaching in Alberta schools, while an Alberta English teacher spent one year in Hokkaido. The Hokkaido–Alberta Dairy Exchange program continued in 1986, with seven Hokkaido dairy trainees spending one year in training on Alberta dairy farms and at Olds College, Olds, while two Alberta trainees spent a year on Hokkaido farms and at the Rakuno Gakuen Dairy College in Hokkaido.

Kangwon

Kangwon sent a mission to Alberta in November, 1986, for formal biennial consultations. The result was the identification of new areas for co-operation in the following year, including agricultural trade, Olympic sports training exchanges, and academic exchanges.

With the approach of the 1988 Olympics to be held in Calgary and Seoul, Alberta's relations with Kangwon centred on the development of sports exchanges, particularly coaching exchanges in a variety of disciplines. Kangwon also assisted Alberta by working closely with the Korean government to accomplish the first-ever sale of Alberta rye seed to Korea in 1986 ($2 million). In addition, Alberta's demonstration farm in Kangwon aided Alberta's efforts to market beef and cattle to Korea. In the area of advanced education, Alberta hosted a 20-member group of Korean teachers of English, who were upgrading their skills for the benefit of Kangwon schools. Two Minister of Advanced Education Scholarships were presented to Kangwon, with the first recipients scheduled to arrive in Alberta in 1987. In a related area, the medical exchange program between the provinces concentrated on advanced medical education, with the Universities of Calgary and Alberta assisting Hallym Medical University in developing staff and a curriculum for their new medical faculty.

The various countries of Europe continued in 1986-87 to serve as major markets for Alberta goods and services. As in previous years, coal, sulphur and agricultural products were Alberta's major export items to the European market.

In addition to being an important trading partner, Europe also was a major source of investment capital and technology. Many European companies are involved as partners with Alberta companies in joint ventures both within the province, in Europe, and in other markets.

In 1986, more than 62,000 Europeans toured Alberta, representing three quarters of all non-U.S. tourist traffic.

Throughout 1986-87, Alberta received a number of important visitors and delegations from Europe, including Princess Marguerite of the Netherlands, Crown Prince Harold and Crown Princess Sonja of Norway, and a parliamentary delegation from the Federal Republic of Germany.

The Minister of Federal and Intergovernmental Affairs visited London, Edinburgh and Geneva, Switzerland in January, 1987. In Geneva he met with senior representatives of the Secretariat of the GATT, as well as 15 Ambassadors from national delegations to the GATT. In London he met with senior government and private sector representatives and hosted a major reception to introduce the new Agent General in London, Mary LeMessurier, to members of the diplomatic community and Alberta contacts in both the government and private sectors.

The Minister of Labour, the Honourable Ian Reid, visited the Federal Republic of Germany and the United Kingdom in September and October, 1986 as Chairman of a Labour Legislation Review Committee. This Committee examined the labour laws of Germany and the United Kingdom, as part of a review of Alberta's labour legislation.

The department in 1986-87 was an active participant in consultations between Canada and the European Community (EC), and continued to monitor developments affecting Alberta's bilateral relationships with the EC, particularly the Common Agricultural Policy and its negative impact on the provincial agricultural sector.

Alberta maintained its role as the Canadian province most active in the Soviet Union. Following the visits in recent years of several prominent Soviet leaders, significant opportunities have opened up for Alberta to pursue commercial as well as cultural, academic, scientific and other interests with the U.S.S.R.

The Soviet Union remained Alberta's third-largest trade partner, after the United States and Japan. In 1986, Alberta's exports to the U.S.S.R. were valued at $414 million, representing 34 per cent of the Canadian total. The bulk of Alberta's exports comprised wheat and barley, (valued at $238 million in 1986), which are governed by the Long Term Canada–Soviet Grain Agreement. This commits the Soviets to purchase a minimum of 25 million tonnes from Canada in the 1986-91 period.

Alberta also strengthened its position as the province most successful in pursuing non-grain trade with the Soviet Union. The province accounted for well over half of the Canadian total in 1986. Alberta's non-grain exports to the U.S.S.R. have risen from $7 million in 1977 to $175 million in 1986, made up primarily of sales of sulphur, oil and gas machinery and equipment, and off-road tracked vehicles. This reflected a concerted effort by the Alberta Government since the mid-1970's to increase exports to the U.S.S.R., which shares with Alberta many similar problems of resource production in a harsh climate.

At the same time, Alberta has been actively attempting to diversify its exports beyond grains, to encompass other commodities such as canola oil, as well as technology, equipment and management services. In this regard, Alberta Agriculture continued to pursue a meat and milk program for the

Soviet Union as set forth by a Memorandum of Understanding signed in 1985 by the Agriculture Ministers of Alberta and the Russian Soviet Federated Socialist Republic. This agreement was the first of its kind between a Canadian province and a constituent republic of the U.S.S.R.

Along with trade interests, Alberta's diverse non-commercial connections to the Soviet Union continued to be pursued during the reporting period. These included the interests of Alberta's Ukrainian Canadian community, which is actively involved in preserving its cultural heritage through exchanges with the Ukraine, such as academic exchanges in a number of disciplines; and cultural arrangements, such as negotiations by the Alberta Ballet Company for the appearance of a Soviet dancer as part of the arts component of the 1988 Calgary Olympics.

As an indication of Alberta's strong interest in the Soviet Union, the province participated in 1986 as part of the Canadian delegation to both the Canada–U.S.S.R. Mixed Economic Commission (MEC) consultations and the consultations of the Canada–U.S.S.R. Mixed Commission on Scientific, Academic and Cultural Exchanges.

Latin America continues to hold significant market potential for sales of Alberta oil and gas technology and expertise, as well as selected agricultural services and products. Alberta continued throughout 1986-87 to both maintain and expand its ties, especially those of a commercial nature, with the various countries of the Latin American region.

Alberta's leading trade partners in Latin America in 1986 were Brazil, Cuba, and Mexico. Exports to these three countries alone totalled over $233 million. In addition to Brazil, Cuba and Mexico, other countries which have been identified as promoting markets for Alberta goods and services include Venezuela, Argentina, Ecuador, Peru and Colombia.

Many of the countries of Latin America have economies which are well suited to Alberta's oil- and gas-related technologies and services, as well as agricultural goods and services such as livestock genetics and canola meal.

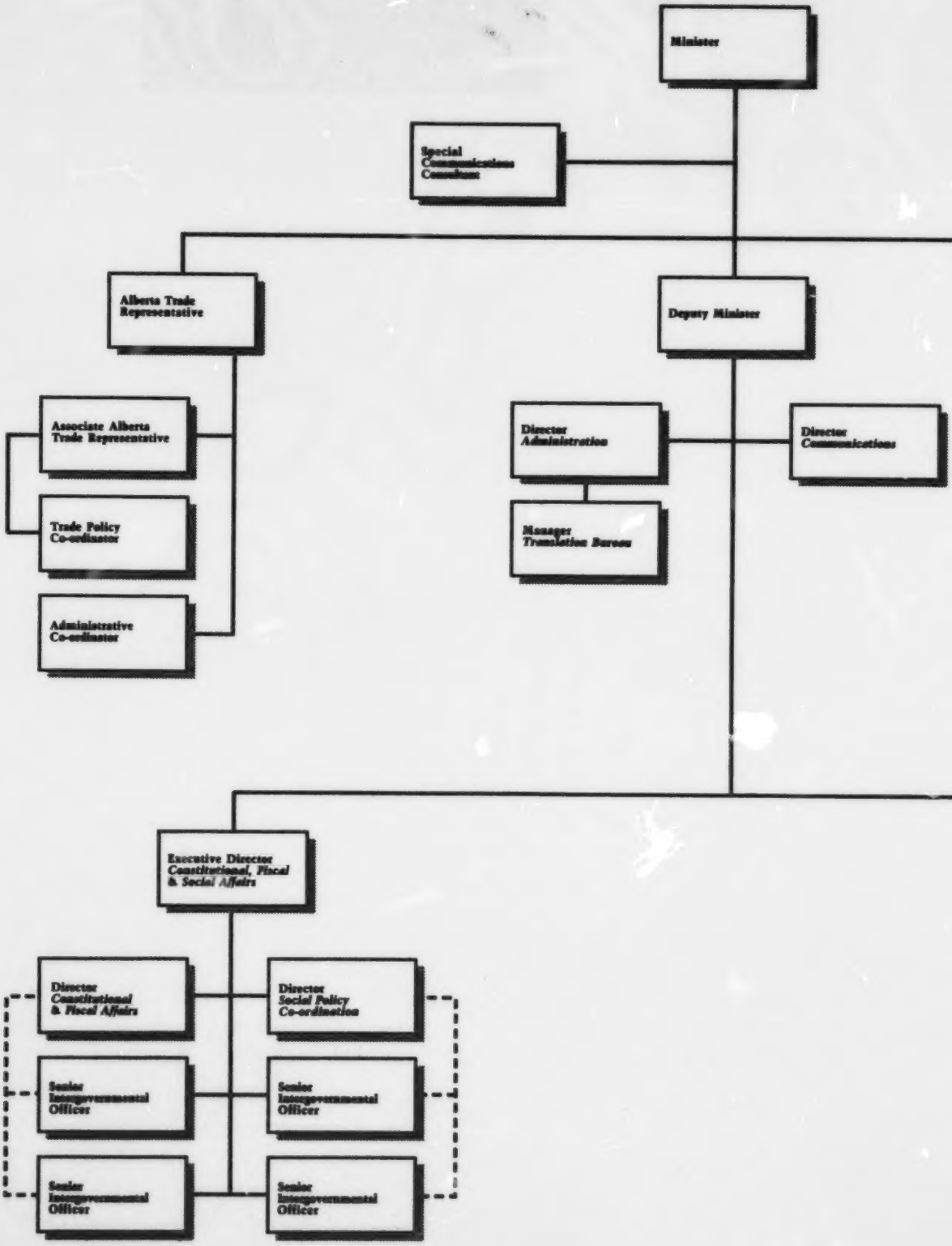
The Honourable Shirley Cripps, Associate Minister of Agriculture, visited Mexico October 23-29, 1986 to sign a beef demonstration agreement and attend the Gudalajara Livestock Show.

Alberta's relations with African nations dealt mainly with trade and training-related activities, often in conjunction with development assistance through the Canadian International Development Agency (CIDA) or other world aid organizations. The province also provided funds for Alberta non-governmental organizations involved in African development and famine relief. The Government of Alberta assessed consulting, investment, agricultural, and trade opportunities through exploratory missions, and also received African delegations interested in the province's products and services. Oil-producing countries in Africa (such as Gabon and Nigeria) continue to hold significant potential for sales of Alberta oil and gas equipment, services and technology. In addition, agricultural opportunities have been identified and are being pursued in areas such as dryland farming, technology and services, and animal husbandry.

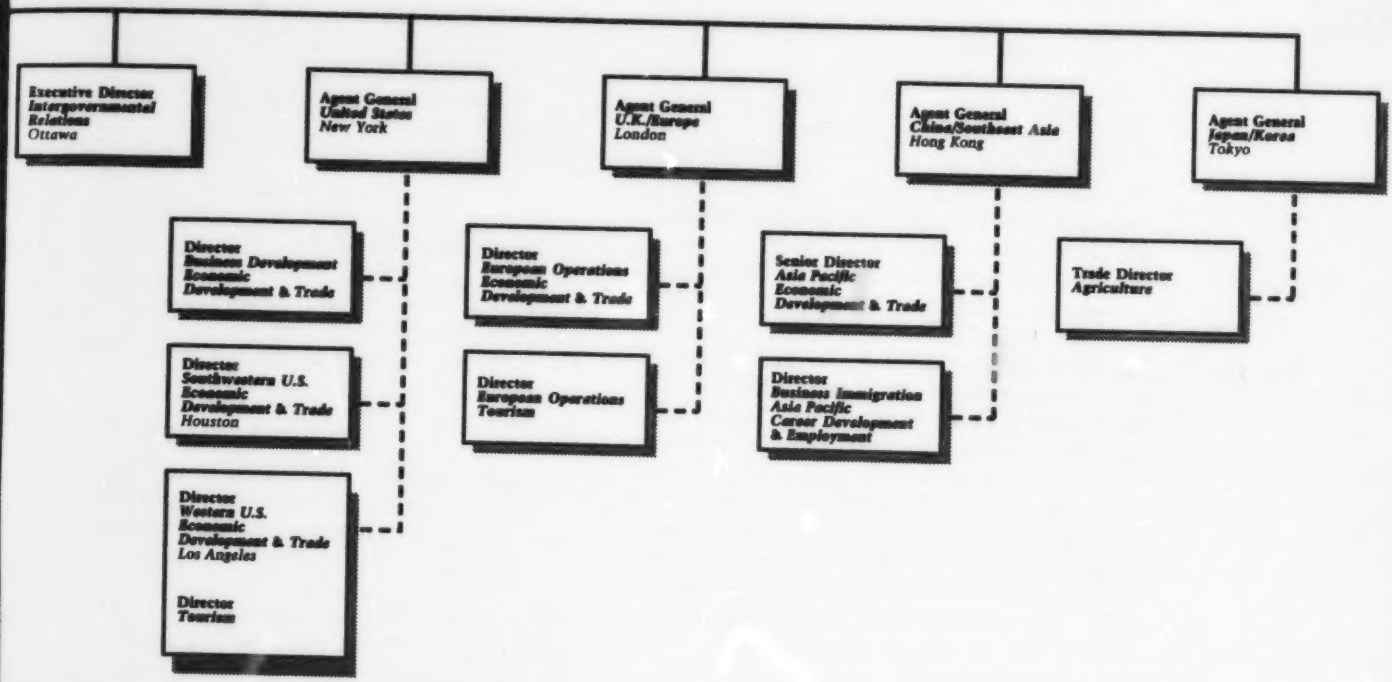
In the Middle East, Alberta concentrated on events and situations that affected the price of oil, namely the continuing war between Iran and Iraq and the cohesiveness of the Organization of Petroleum Exporting Countries (OPEC).

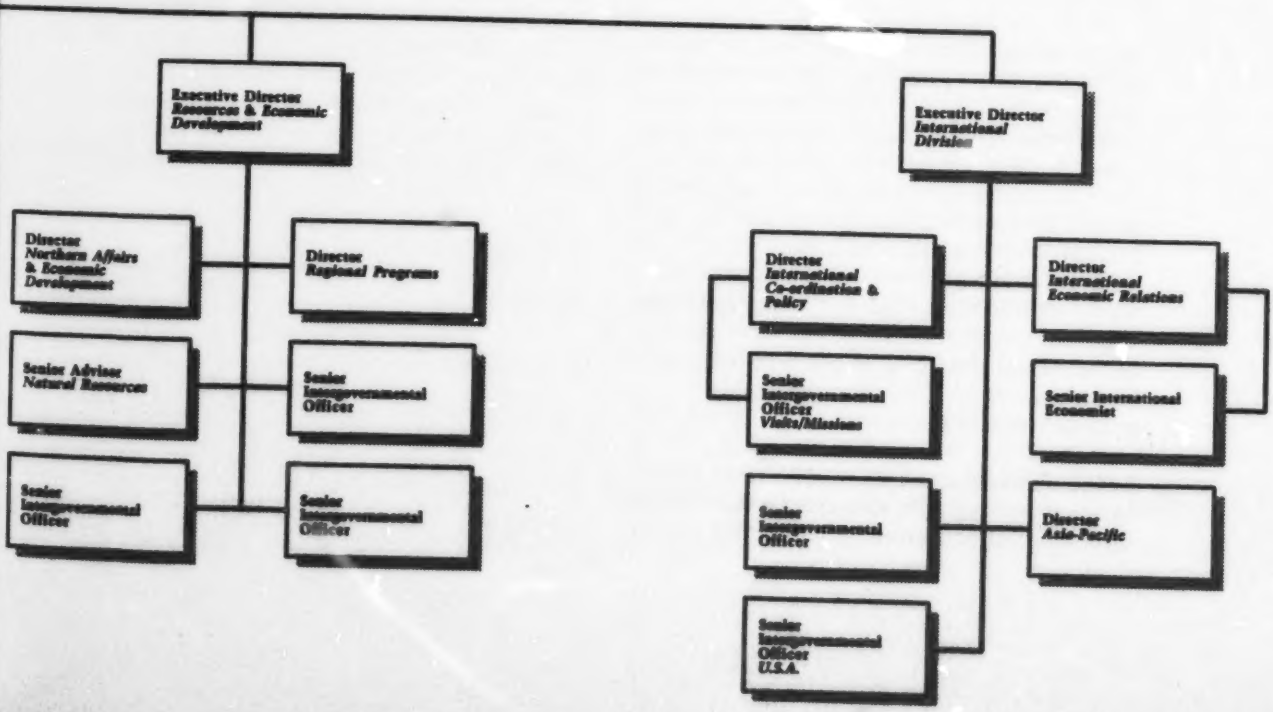
Alberta's bilateral relations with countries in the Middle East were based largely on trade development. The Minister of Economic Development and Trade, the Honourable Larry Shaben, led a trade mission to the United Arab Emirates, Bahrain and Oman in February, 1987, for purposes of promoting Alberta companies involved in technologically advanced equipment and services, and to identify potential areas for trade. Opportunities in the oil and natural gas, agriculture, telecommunications, and engineering fields were identified.

Alberta's exports to the Middle East and Northern Africa totalled $337.6 million in 1986, representing approximately three per cent of Alberta's total exports. The predominant exports were sulphur, barley and wheat.


Minister
Special Communications Consultant
Alberta Trade Representative
Deputy Minister
Associate Alberta Trade Representative
Trade Policy Co-ordinator
Administrative Co-ordinator
Director Administration
Director Communications
Manager Translation Bureau
Executive Director Constitutional, Fiscal & Social Affairs
Director Constitutional & Fiscal Affairs
Director Social Policy Co-ordination
Senior Intergovernmental Officer
Senior Intergovernmental Officer
Senior Intergovernmental Officer
Senior Intergovernmental Officer

Appendix I
Organizational Chart





Appendix II

The Twenty-Seventh Annual Premiers' Conference

Edmonton, Alberta
August 10-12, 1986

Communiqué No.1
The Economy

The ten Premiers of Canada at their 27th Annual Conference in Edmonton reviewed the economic situation and concluded that recovery has been uneven across the regions.

The Premiers called for a national approach to counteract economic action in the international scene over which Canadians have limited control. This would proceed simultaneously with a renewed commitment to address the long-standing structural problems that underlie regional disparities. All provinces are prepared to participate with the federal government in the development of a strategy which is fair to all regions and sectors, and which encourages diversification.

While seeking long-term solutions through the negotiation of bilateral and multilateral agreements, Premiers expressed determination that Canadians not be excluded from export markets. Provincial Premiers said that they would not let major Canadian resource sectors like agriculture, energy and lumber be ruined by international competition.

The Premiers are confident that by working together Canadians can ensure that the fundamental strengths of the economy can serve Canada well in an increasingly competitive world.

In the short-term, support may be required by those sectors suffering from unfair international subsidies.

Communiqué No. 2
Regional Economic Development

Premiers observed that the Canadian economy is threatened by current weakness in the resource sectors and by continuing long-standing regional disparities. These disparities exist in all, or parts of all, Canadian provinces.

Some progress was made in overcoming regional disparities in the 1970's but the recession in 1982 and the downturn in resource industries have undermined these advances. Moreover, federal Regional Development Program spending has declined since 1980, exacerbating inequities.

Premiers noted the importance of federal transfers as well as direct federal economic expenditures in achieving the goal of fair and balanced regional development.

National efforts to address regional economic disparities must be renewed. Premiers reaffirmed their support for the regional development principles worked out by the federal government and the provinces in 1985. They agreed that regional development must be a key item on the agenda for the November First Ministers' Conference in Vancouver.

Communiqué No. 3
The Edmonton Declaration

Premiers unanimously agreed that their top constitutional priority is to embark immediately upon a Federal–Provincial process, using Quebec's five proposals as a basis for discussion, to bring about Quebec's full and active participation in the Canadian federation.

There was a consensus among the Premiers that they would pursue further constitutional discussions on other matters raised by provinces, including Senate reform, fisheries, and property rights.

Communiqué No. 4
Trade

Premiers stressed the importance to Canada of the two sets of negotiations now underway: the bilateral negotiations with the United States and the multilateral negotiations being launched in Uruguay next month. Both these processes are important to the achievement of secure and enhanced markets for Canada's exports.

Premiers considered the increasing relationship between the issues being discussed in the bilateral talks with the United States and the agenda being developed for the GATT discussions. The Canadian strategy in each set of negotiations must take this relationship into account.

Premiers emphasized the need to continue full provincial participation in both sets of negotiations because of the overall importance to the Canadian and provincial economies, and in light of the significant areas of provincial jurisdiction involved. In this regard, Premiers look forward to a full discussion with the Prime Minister at the September meeting of First Ministers on the negotiations to date and on the proposed development of Canadian positions for the next phase of the negotiations. They will request that the Prime Minister provide for a thorough and complete briefing at the time by the Canadian Trade Negotiator. Premiers emphasized that this meeting has taken on added importance in light of the increase in current and pending protectionist actions by the United States.

To supplement the meetings of First Ministers, Premiers endorsed meetings of the provincial Ministers responsible for the trade negotiations with the appropriate federal Minister.

Premiers designated Premier Devine to act as the Canadian Co-Chairman of a Premiers/Governors Trade Forum, which was established last year in Boise, Idaho. They agreed that this forum will serve as an important means for exchanging information between the States and the Provinces.

Premiers agreed with the recommendations made by their respective Ministers responsible for Regional Development at Belleville, Ontario, on the issue of interprovincial trade barriers which are:

- to place a moratorium on new barriers subject to compelling considerations of provincial economic development;
- to establish a permanent mechanism to reduce existing trade barriers;
- to establish an inventory of barriers;
- to establish a set of Guiding Principles for reducing barriers.

Noting the importance of the issue for overall Canadian economic development, Premiers instructed their Ministers to accelerate interprovincial activities on this subject in the coming year. Given this sense of urgency, they requested their Ministers to report progress on this matter by year-end.

Communiqué No. 5
Agriculture and Renewable Resources

Premiers reviewed the current crisis in the Canadian agriculture and food sector and the deteriorating situation of world agricultural markets.

In spite of lower interest rates and an expected bumper crop in 1986, the low prices resulting from price subsidies and counter-productive export competition will be devastating to Canadian producers' incomes.

Premiers deplored the recent United States strategy of targeting subsidies at traditional Canadian markets in the U.S.S.R. and elsewhere. They are determined to stand by Canadian farmers who are faced with destructive European and American subsidies.

Premiers reaffirmed the importance and urgency of the work of agriculture ministers in designing a national agricultural strategy. This strategy must be concluded as soon as possible for presentation to the First Ministers' Conference on the Economy in November. It must not only address the short-term needs of agriculture but must contain initiatives to ensure continued growth and competitiveness, both domestically and internationally.

Premiers expressed strong support for multilateral and bilateral negotiations to end the subsidy wars and re-establish equity in the international grain trade. In the meantime they recommended that the federal government explore ways to maintain export markets.

The necessity of ensuring provincial participation in developing national policies in bilateral and multilateral forums was emphasized. Premiers agreed that agriculture must be a key issue for the next GATT round.

Communiqué No. 6
Softwood Lumber

Premiers reviewed the countervailing duty investigation now being conducted by the United States Commerce Department into the softwood lumber industry of British Columbia and other provinces of Canada. They noted that a recently imposed United States duty on shakes and shingles, without notice, put thousands of Canadians out of work.

Premiers committed themselves to take a common front in opposition to these protectionist measures in the United States and will take all steps necessary to resist such actions.

They called on the federal government to take a strong leadership role in dealing with this threat to this most important renewable resource industry.

Communiqué No. 7
Energy

Premiers reviewed the current crisis facing the Canadian oil and gas industry. The threat to the energy sector is a national problem with a national economic impact and therefore requires a national solution to stabilize the industry's revenues. Premiers urged that high priority be given to develop strategies which will stimulate Canada's oil and gas activity and ensure that national energy objectives are met. Such strategies must ensure equitable federal treatment for the renewable and non-renewable energy resources and for those areas of Canada which are not endowed with traditional sources for generating electricity.

Premiers focussed much of their concern on the lost employment and regional development opportunities associated with the current instability in international oil prices.

In 1985 the energy sector provided 20 per cent of total business capital investment in Canada. Much of this now will be lost, resulting in a real possibility of a domestic oil shortfall in a few years. Premiers agreed that Canada's ability to be self-sufficient in energy is a natural advantage we cannot afford to loose. Neither can we afford to base the future of our oil industry on the recent OPEC agreement.

Communiqué No. 8
The Atlantic Fishery

Premiers noted that a major problem which plagues the Atlantic fishery is control and management of the resource. Canadian fishermen do not have sufficient allocations or quotas to meet the market demand, at the same time foreigners are flagrantly overfishing our fish stocks both inside and outside the Canadian zone. Premiers agreed that Canada must act now to extend its fisheries management authority over all the fish resources off its Atlantic Coast. Only in this way can the full potential of this regional strength, which is critical to the economic growth of the east coast of Canada, be achieved.

There was consensus that this issue should be fully addressed in the report from Fisheries Ministers to the November First Ministers' Conference on the Economy.

Communiqué No. 9
Federal–Provincial Relations/ Tax Reform

Premiers reviewed the state of federal–provincial relations and noted the need for joint planning for the 2nd Annual First Ministers' Conference to be held in November, 1986. Premiers welcomed the Annual First Ministers' Conference as an opportunity to discuss, co-operatively, matters of mutual concern.

Federal–Provincial Agreements

Premiers recognized that federal–provincial agreements and arrangements have become an important instrument of government. They expressed concern that unilateral changes to these agreements and arrangements are very disruptive. In particular, they noted the recent changes to the **Fiscal Arrangements Act**. Premiers suggested that the development of mechanisms to give greater certainty to such arrangements be explored.

They view the current reduction in the growth of federal transfers for social programs as a temporary measure and reiterated the importance of adequate federal funding for these programs.

Premiers called on the federal government to ensure that the equalization program meets the Constitutional commitment to enable provinces to provide "reasonably comparable levels of public services at reasonably comparable tax rates."

They concluded that agreements on fiscal arrangements should be a major topic on the agenda of the First Ministers' Conference in Vancouver.

Tax Reform

The ten provincial Premiers welcomed recent federal statements committing the federal government to comprehensive tax reform. Premiers agreed that the implications for major provincial taxes must be considered. They noted that the federal commitment was consistent with earlier statements by Premiers which stressed the need for tax reform to improve fairness and simplicity in taxation.

Premiers identified economic development and competitiveness as vital objectives which must also be served, while recognizing the revenue requirements to finance national social programs. The impact on employment as well as on regional and sectoral economic strengths will be important criteria for assessing tax reform options.

Premiers noted that important social objectives are met through both direct social programs and taxation policies. They agreed that tax reform should be truly comprehensive and improve harmony between taxation and expenditure programs.

Premiers stressed that tax reform must not be used by the federal government as an excuse to erode provincial health and post-secondary education support by further cutbacks in transfer payments.

The process of tax reform must be open to consultation among all Canadians. But they agreed that it can only be successful with the co-operation of the provinces, since provincial taxes form an important part of the country's revenue system. Premiers emphasized the need for Federal–Provincial consultation, co-operation and consensus building. They recommended that tax reform be on the agenda of this November's First Ministers' Conference. They directed their finance ministers to meet in preparation for that discussion.

Appendix III

Western Premiers' Conference

Swan River, Manitoba
May 29-30, 1986

Communiqué No. 1
Agriculture and Renewable Resources

Introduction

Western provinces have all faced low commodity prices, both for renewable resources such as agricultural and forest products, and for non-renewable resources such as mineral products, natural gas and oil.

These problems require a concerted and co-ordinated approach to achieve long-term solutions, as well as specific actions for the short-term.

Western Premiers noted the progress that had been made as a result of the recommendations from their meeting in Grande Prairie last year. As a result agriculture policy is now receiving full attention on the national agenda. Premiers welcomed federal initiatives to date, while calling for further action.

Interest Rates

At previous Conferences, the four Western Premiers identified burdensome debt as a major factor in farm financing problems.

The Premiers said they were encouraged by recent reductions in Canadian interest rates. They agreed that this progress means at least some reduced pressures on Canadian farmers and resource producers but they went on to emphasize the importance of ensuring that rates remain as stable and low as possible.

Farm Debt and Lending Programs

On farm debt the Premiers urged the federal government to recognize their responsibility to address the farm debt burden and introduce a comprehensive lending program that would provide low interest rates to farmers.

Premiers stressed that federal lending programs which provide farmers with stable, long-term fixed interest rates are absolutely essential to the viability of Western farmers.

International Market Situation Not Acceptable

Premiers expressed grave concern about the deteriorating state of agricultural world trade because of price subsidies and counter-productive export competition which has led to income losses for Canadian grain exporters. They welcomed the federal initiative by the federal Wheat Board Minister, Hon. Charles Mayer, to convene the international grain summit. Western Premiers urged Mayer to conclude an international Grain Export Accord for Canada's export agriculture. A major deficiency payment by the federal government ($900 thousand to $1 billion) will demonstrate Canada's intention to stand by farmers and to retain our export markets.

Western Premiers agreed that the Canadian Government should adopt a strengthened position in U.S.–Canada and multilateral agricultural negotiations. Western Premiers urged Canada to show the world by word and action that we intend to maintain our position in the world grain economy in spite of the EEC's Common Agriculture Policy and the U.S. Farm Bill.

Further improvements to the **Western Grain Stabilization Act** are required and stabilization instruments should be advanced internationally in order to restore economic common sense and improved incomes to western agriculture.

Income Stabilization

Premiers underlined the importance of federal programs which provide income stabilization, including the Western Grain Stabilization Program (WGSP), Crop Insurance, and cash advanced programs. They noted proposals for improvements, and the addition of a Disaster Relief Mechanism, and welcomed prospects of further progress under the National Agricultural Strategy to limit the downside risk for farmers by providing a comprehensive safety net.

At the same time they recognized the need for a long-term response to restructure agriculture subsidy programs in exporting countries away from market-distorting commodity supports and toward more efficient market-oriented income stabilization and support schemes, suggesting the WGSP as a model for discussion.

Domestic Wheat Price

Premiers noted that the domestic wheat price program has, and should continue to, provide some measure of income stability. They agreed that this program should be strengthened to provide farmers with support equivalent to $11/bushel, effective the start of the new crop year.

Lower Farm Input Costs

Premiers welcomed the removal of farm fuel taxes by Canada in response to earlier Western requests. Premiers urged continued and expanded actions to reduce farm input costs. Canada should closely investigate the prices of agricultural chemicals and fertilizers and be prepared to modify regulations to ensure competitive prices for farmers.

Beef Imports

Premiers supported the efforts of the Canadian cattle industry in its action before the federal import tribunal designed to restrict the flow of subsidized beef into Canada. The federal government should be prepared to take steps to restrict the flow of subsidized beef imports to prevent the negative effects on the Canadian economy and on Canadian jobs.

Churchill

Western Premiers again re-affirmed their strong support for the future of the Port of Churchill and for the Canada-Manitoba Agreement for its re-development. They expressed the view that past infrastructure and related improvements should proceed as scheduled in view of Churchill's importance to Western Canada.

Premiers also agreed to increase their governments' efforts to explore new opportunities for expanded activity at Churchill.

Nielsen Task Force

Premiers discussed the recommendations on federal agricultural programs which have been put forward recently by the Nielsen Task Force. They expressed the view that the Government of Canada should consult fully with the provinces before implementing any recommendations which may impact on the western farm economy.

Food Aid

Premiers noted the continuing glaring inconsistency between surplus food production and the millions of world hungry. They requested the federal government to expand food aid programs and urge other major producers to follow suit.

Research

Premiers expressed concern about recent withdrawal of funds and staffing for basic research in Western Canada, noting that the long-term competitive position of agriculture depends upon increasing productivity through technological and scientific advances. They called upon the federal government to increase resources allocated to basic research in Western Canada.

New Markets and Products

Premiers agreed that new markets should be sought as part of a concerted effort to identify specific opportunities for trade in agri-food sector products. As well, new agricultural products should be developed, based on increased federal funding for research, joint industry-government mechanisms to direct research funding to high priority areas, and an improved national system for monitoring technological developments world-wide.

Forestry

With respect to short-term measures in the area of forestry, Western Premiers agreed that:

- Increased federal re-forestation funds should be provided for intensive silviculture, such as those envisioned in British Columbia's Forest Stand Management Fund.
- The federal government should consider the extension of tax measures, such as those available for other resource industries, to enhance investment in the forestry sector.

Hydro Resources

In considering the further development of the Western economy, Premiers noted Canada's vast, renewable energy resources in hydro-electric power. The full development of these resources – for both domestic and export purposes – will enhance employment and promote continued economic diversification.

Communiqué No. 2

Trade

Premiers reiterated their continued support of Canada's trade negotiations with the U.S., and of the up-coming round of multilateral trade talks.

Western Premiers confirmed their support for the principle of full provincial participation in trade talks, as agreed to at the November 1985 First Ministers' Conference in Halifax. They agreed that the mandate for negotiations must be set by the eleven First Ministers. They stated that any negotiated trade agreement must be endorsed by the provinces in order to be binding on all governments and in order to secure ratification by the United States.

In light of recent and potential U.S. trade actions, such as the unilateral imposition of a 35 per cent tariff on Canadian cedar shakes and shingles, Western Premiers noted the importance to Canada and the United States of good economic relations, and called upon the U.S. to resist protectionist pressures which may harm Canada. They are requesting the eleven First Ministers to give instructions to Canada's Chief Trade Negotiator, Ambassador Reisman, to demand a "standstill" to trade protectionist measures while negotiations are proceeding. The standstill should include any trade protectionist measure initiated after commencement of the trade negotiations.

Western Premiers look forward to the First Ministers' Meeting in Ottawa on June 2 to address these matters.

Premiers also agreed to establish a sub-committee under the Western Premiers' Conference in order to ensure continued close co-operation among the western provinces on trade matters. This continues to be important to ensure western objectives and priorities are fully achieved in trade negotiations.

Communiqué No. 3

Western Development, Diversification and Employment

Western Premiers agreed that current difficulties in resource and commodity markets should not detract from western Canadians' positive vision for their future prosperity, employment and development potential.

Although agriculture and natural resources will always be the foundations of the western economy, there is a common need to broaden the base beyond this great resource strength in order to create economic opportunities and jobs.

Premiers stressed that the key to more stable growth over the long term is diversification – and that diversification is the main focus of their governments' current development efforts. They agreed as well that diversification of the economic base of Western Canada must also be a high priority of the Government of Canada.

Western Premiers agreed that concerted, co-operative action by all governments and the private sector will be required to ensure that these opportunities and jobs are realized.

In order to address the problems and realize the opportunities in the context of 1987 and beyond, Premiers invited the Prime Minister to join with them in holding a conference on western economic development and employment opportunities to be held early next year.

Given the federal responsibilities in monetary and fiscal policy, transportation, trade and communications, a federal–provincial partnership is essential to realize the full economic potential of Western Canada.

Premiers stressed that the people, resources, proximity to markets and advanced technologies of Western Canada provide an opportunity for world leadership in a number of areas. New technologies offer the opportunity for productivity gains, new products and product improvements for existing industries. This means more employment, better quality employment and important new markets.

Building upon the strengths of the existing agricultural and resource economy will provide further opportunities as world markets and tastes change and new technologies offer new product options.

There is a continuing need to improve the basic development infrastructure of Western Canada, including the following: transport networks and port facilities.

As well, there are many other social and economic opportunities for development, diversification and job creation including the following: telecommunications; computer technologies and robotics; medical research; biotechnology; new service industries such as highly skilled professional services; cultural industries including film production; tourism; and aquaculture, to name a few.

Premiers are confident that through partnership and co-operation, Western Canada will play an expanding role in the national and global economies.

Appendix IV

Communiqué No. 4
Priorities For Upcoming Premiers' and First Ministers' Conferences

The four Western Premiers are pleased that both this year's Annual Premiers' Conference and the Annual First Ministers' Conference will be held in the west later in 1986.

Alberta will host the Premiers' Conference in Edmonton in August and British Columbia will host the First Ministers' Conference (FMC) in Vancouver in November.

Premiers agreed to register with the other First Ministers their view that the agendas for these conferences should include adequate provision to continue consultations on subjects such as:

- agriculture and renewable resources
- trade
- transportation and regional development
- tax reform and Federal–Provincial fiscal arrangements
- economic equality for women.

They also agreed on the importance of substantial advance preparation on a joint basis by the federal government and the provinces for the November FMC. They recalled their specific references to this matter in their 1985 communiqué on Federal–Provincial Co-operation. They asked the Premier of Manitoba, Chair of this year's Western Premiers' Conference, to convey to the Prime Minister and the other Premiers their suggestion that these preparations begin before Fall.

Premiers agreed to work together to prepare for the conferences being held later this year as well as for the special Conference on Western Economic Development and Employment Opportunities which they are proposing for early in 1987.

Communiqué From Premiers' Meeting

Premiers met tonight in Toronto to discuss the implications of the January 24, 1987 Canada/France Agreement. They listened to the complexities involved in resolving the problems facing this fisheries issue off the east coast of Canada. They emphasized that solutions can only be found after intensive federal/provincial co-operation and consultation.

The January 24, 1987 Canada/France Agreement was concluded in a manner which is inconsistent with the basic principles of Canadian Federal–Provincial relations. Provinces must have confidence that they will be consulted and involved in decisions which affect their vital interests.

They called on the federal government to enter immediately into discussions with all affected provinces to review the terms of the Canada/France Agreement to ensure that it maximizes Canada's use of this vital fishery resource.

Appendix V

First Ministers' Conference

Vancouver, British Columbia
November 20-21, 1986

Opening Statement by the Honourable Don R. Getty, Premier of Alberta

First, I want to extend a special welcome to Premier Bourassa, attending his first Annual Conference since returning to public life. I also want to welcome Premier Ghiz and Premier Vander Zalm who are attending their first Annual Conference of First Ministers. I also congratulate Premier Devine and Premier Pawley on their re-election since our last meeting.

I am pleased to have this opportunity to continue our dialogue on the important issues facing the country. The fact that we met last November on the Atlantic coast and are here so many miles away on the Pacific coast this year, underlines the vastness of this country and the difficulty in governing it. Meeting in different locations gives us an opportunity to become acquainted first hand with the circumstances of a particular region and to understand the diversity of Canada. I am pleased that we are all able to meet in Western Canada and to enjoy the hospitality of Premier Vander Zalm, and the province of British Columbia. Thank you, Bill, and thank you to the people who are working with you. I must say I am enjoying the hospitality – the same hospitality that was enjoyed by the world during Expo '86.

Prime Minister, the federal government's Throne Speech commitment to greater diversification of Western Canada's economy is one we welcome in Alberta, and it is appropriate for this Vancouver Conference. I look forward to our discussions on this issue. I also welcome on behalf of Albertans, the selection of such a fine representative as your Deputy Prime Minister, the Honourable Don Mazankowski from Alberta – a person we admire and respect.

The topic of economic equality for women is a priority for Alberta. We look forward to participating in the discussion and supporting ways to enhance the economic opportunities for women in Canada during this conference.

I also wish to place on record our government's strong support, Mr. Prime Minister, for your historic trade initiatives.

To Premier Vander Zalm – Alberta welcomes your comments on Senate reform. The "Triple E" pin I wear today in support of Senate reform provides hope and receives great support in our province.

Because of our location, I am reminded of the pride we shared in the success of Expo. Yet, some of us represent regions or industries that, in 1986, have faced extreme hardships because of international events. Major resource and commodity sectors like energy, lumber and agriculture are being threatened, in a large part, by events and decisions outside our borders in the energy sector in Alberta. Thousands of jobs have been lost and dreams have been shattered.

Our agriculture industry has suffered and our farmers continue to face severe economic difficulties. But, Mr. Prime Minister, I want to acknowledge the federal government's actions in helping to reduce farm fuel costs, in stabilizing producer income, in keeping our grain moving to markets and in responding to the effects of the international subsidy wars. In Alberta, our government has made a massive commitment of hundreds of millions of dollars toward reducing farm input costs in the areas of energy (farm fuel), fertilizer, and cost of money.

Agriculture is an industry all Canadians can relate to and the health of the agriculture industry remains our government's number one priority. The roots of our province and also this nation were formed in the richness of our lands. When farmers –

food producers – suffer, we understand. It is a national concern, and is recognized as such in the "National Agriculture Strategy" paper being presented at this meeting.

But we find it regrettable that other industries are not viewed in the same context. In Alberta, the energy industry is being devastated. But it is not just Alberta as a province that is affected – it is as a country that we are facing a national problem.

Today, I want to talk about how our system has not yet adequately responded to this problem. Since the collapse of world oil prices at the end of 1985 less than a year ago, investment in the oil and gas industry in Canada has plummeted – slashed almost in half by four to five billion dollars. This has meant a loss in Alberta of 25,000 jobs this year and it appears more will be lost. These are jobs held by trained, skilled workers – drillers, geologists, geophysicists, roughnecks – the best oil and gas finders in the world. When these are lost, they are impossible to replace. But it is not only Albertans who have suffered. Thousands more jobs are predicted to be lost across Canada as the effects of this downturn filter throughout our economy. No region has been left untouched – the promise of offshore oil and gas has faded in Atlantic Canada and the North; even in Ontario and Quebec, where steel and heavy equipment manufacturers have traditionally supplied the oil and gas industry, the effects are being felt.

Also, and more seriously, in the longer term, Canada's future security of oil supply has been dangerously threatened. We are probably the only western nation that could achieve energy self-sufficiency – what a competitive edge for the future!

As we sit here discussing these national issues, the clock is ticking – Canada is running out of conventional crude oil. As Alberta's conventional oil runs out, there will be no replacement for it unless long-term investments are made now to bring on new supplies.

Unless there is the right national response and, once again, conventional crude exploration – unless heavy oil upgraders, oil sands plants, and new fields such as Hibernia or Beaufort are developed, in just four years, Canada could be importing one-quarter of its oil needs. And it could get worse . . . by the mid 1990's, two out of every three Canadians could be dependent on imported oil.

Those who see the problem of low oil prices as only a regional one forget the extent to which the oil and gas sector is essential to the Canadian economy. They forget the extent to which the energy sector has been an engine of growth for Canada. This is a national problem with a national dimension and a national impact. I think it is fair to say, it is the major problem, in an economic sense, that confronted the world this year.

Canada's ability to respond to this crisis is a supreme test of our federal system.

I know that Alberta's federal Members of Parliament have tried to draw national attention to the situation facing Canada – yet as thousands and thousands of jobs are lost in our province and a key industry is badly damages, their efforts appear unable to stir the necessary response.

As a suggestion, consider what Canada's response might have been. When it became evident that a vital Canadian industry and part of Canada was hurting badly, we would have liked to have seen the federal government quickly assess all of its policy tools which could have helped. Isn't that, after all, what being a part of Canada is all about? The federal government could have considered how to help the tremendous loss of cash flow in our industry by restoring earned depletion or by reviewing the need for an increase in the investment tax credit

incentive for energy investments. These two measures alone would have had a dramatic impact on the industry's ability to re-invest to develop future supplies of crude oil and natural gas for all Canadians. In fact, what was in the last federal budget was a reduction in the investment tax credit in Alberta. A reduction! Not help – less help. Our system must respond better than that. Mr. Prime Minister, we ask that this decision be reviewed.

As a further means to help, the federal government might have taken initiatives through our national tax system – by moving quickly and with flexibility, to encourage investment by individual Canadians in the energy sector. Canadians could have been encouraged, through changes in the tax system, to inject a substantial amount of new equity into the energy sector, utilizing a vehicle such as flow-through shares.

Mr. Prime Minister, I have touched on just a few of the policy tools that could have been brought to bear on this national issue. I'm sure other federal ministries, such as those responsible for economic development, regional development, employment and job training, could have moved quickly to provide significant assistance when a part of our country was hurting. But this wasn't done, and we ask, "Why?"

I'll deal with two answers I've received in some parts of Canada. One is that Alberta does not have a sales tax. I can't see how Alberta imposing a sales tax on a staggering economy and on a hurting people could help the Canadian energy industry. A second answer I've received in some parts of Canada is "You have a trust fund – spend your trust fund." I can't see how eliminating a trust fund that is being loaned and invested all across Canada to many of the provinces here, could help the Canadian energy industry.

As Chairman of this year's Annual Premiers' conference held in August, I was encouraged by the strong awareness among provinces of our interdependence and a new commitment to help each other. I saw a willingness to address national problems from a national perspective – even when these problems affect one province or region more than another. The provinces are prepared to work together to address these issues, and we can do it – but we must work together, with the assistance and co-operation of our federal government. I believe, Mr. Prime Minister, that you have made this commitment and I applaud you for this.

During this time of adversity, Albertans cannot help but notice that issues such as the closing of an oil refinery in Quebec involving 300 to 400 jobs, the survival of an auto plant or the problem of adjustment in an industrial sector, get a great deal of attention. They also seem to dominate the House of Commons. Yet the loss of thousands and thousands of jobs, and billions of investment dollars in a sector vital to the Canadian economy, seems to be seen as a regional problem. The system doesn't seem to respond.

Alberta has tried – we moved quickly in a variety of ways to respond to the crisis affecting our key oil and gas industry. We have taken initiatives totalling $1.6 billion including incentives for exploration and development, royalty tax credits and, most recently, major reductions in oil and gas royalties as well as royalty holidays on new oil wells. These measures provide immediate increased cash flow to many hard-pressed companies in the conventional sector, especially the smaller Canadian-owned companies.

But these measures are not enough to ensure the development of future domestic oil supplies for Canada. Canada needs to expand its conventional oil production. We

need new oil sands plants, new heavy oil upgraders in Alberta and Saskatchewan, as well as development of offshore and northern fields. Canada needs these new sources of crude oil supplies. Canada needs to stop the loss of jobs – the loss of talented people. We must create new ones – Canada needs the advanced technology and more balanced regional growth that will come with the development of new projects.

Albertans are still waiting for a national response. They remember the billions and billions of dollars – approximately $60 billion – that they have contributed to other Canadians through federally determined, artificially low energy prices. Yet Albertans now feel discouraged and frustrated at the lack of meaningful national response. And to be clear, I have congratulated the federal government before and I congratulate them now for the Western Energy Accord – it was appropriate at the time it was signed, but it cannot be considered a response to the energy price crisis . . . the principles established in the Accord were agreed to well before the current price drop. Neither can the removal of petroleum and gas revenue tax (PGRT) be considered a response. The PGRT was a wellhead tax on gross revenues. It was like a federal royalty on a provincial resource. It was unfair and discriminatory. No other industry was forced to bear such a tax! Can you imagine a federal tax unilaterally imposed which takes a share of each kilowatt of electrical power produced in Ontario or Quebec, or a share of every tree harvested and sold from British Columbia? The removal of the PGRT has restored fairness, and we commend the Progressive Conservative federal government for this action. But Albertans are offended to hear some in Central Canada refer to the removal of this tax as an investment in Western Canada or as financial assistance to our energy sector. It had to go.

In fact, there has been no direct national response to the energy industry in its crisis. Indeed, we find ourselves in a situation that defies understanding – the federal government is taxing away from the industry a large portion of our assistance programs that we have designed to help keep jobs and activity going. The federal government may be the largest single beneficiary from our programs to create jobs. Surely our system can respond better than that and you should review your government's decision on this matter.

Canadians are told that Canada cannot "afford" energy security, or that oil prices are governed by world markets and there is nothing anyone can do. Dramatic changes in attitude toward the reality of the situation are needed. All Albertans recall how quickly the House of Commons moved when prices rose suddenly.

It is a frustrating paradox in Canada that when the West grows economically, Central Canada participates in that growth; but when Central Canada booms, the West is often left to fend for itself. Clearly our national institutions are not structured to respond to regional needs as sensitively as they should. In terms of political numbers, the west may be easy to ignore. But growing regional economic imbalance, as the C.D. Howe Institute recently pointed out, could weaken the fabric of Confederation if it is not addressed seriously. Albertans look to the federal system to be sensitive to the needs of all the provinces and regions. They want to be able to secure the benefits of Confederation when they are hurt.

There is much that our system can do to respond to the current situation. We can work together to create an environment conducive to investments. Fiscal policies must reflect the unique problems facing the energy industry now. We need a tilt in the

playing field so that the federal tax system can provide some of the incentives needed to ensure the development of new oil supplies. Incentives must be provided to individual investors that can and have the will to invest. The tax treatment of the energy industry – at the very least – should be equal to that of the mining sector. But beyond that, certain factors – such as the high-risk, large amounts of capital, and long lead times – needed to bring new energy projects on stream must be addressed in the tax system. The time for debate has passed . . . dramatic moves must be made now. Remember – we are not requesting gifts or grants or payments from the federal budget. We are talking about a tax change.

Let me give one more example. All of you know about the potential of Alberta's oil sands. There are two plants there now, and future plants are the solution to Canada's energy self-sufficiency. But these plants have a long lead time – if we started one tomorrow, it would take six or seven years to come on production – 1992 or 1993 – exactly the time when it is needed. But they aren't starting – they are stopping. Syncrude has an expansion planned that will do two things. It will lower the operating cost of synthetic production to approximately $12/BBL and it will provide additional production for the rest of Canada. It will also provide thousands of jobs. Alberta doesn't need this expansion – the rest of Canada does. Syncrude has asked us for our help – federal and provincial. Not a grant, not a gift – a loan – a well secured loan that would only be necessary if prices fall below their current low level. But my Energy Minister is told there is no federal help. And yet this will not hit the federal deficit. The supply of oil is for Canada but if the expansion is to go ahead, Alberta must do it, not Canada. Does that make sense? And if we do help – and we may well because it is so important to our country's future – who will we be helping by loaning the money? One of the largest recipients will be Petro Canada – your Crown Corporation. Does that make sense? If there ever was a reason for a Petro Canada surely it is in the area of providing future supplies for Canada from non-conventional sources such as this expansion. Mr. Prime Minister, I agree with you that this is a hard country to govern, but surely we can respond better than that. I ask you to review this decision of your government.

Canada faces a critical energy challenge – I repeat, "Canada," not just "Alberta." Other parts of Canada, Alberta and the energy industry require a better response. Last year at this conference I stated that "all Alberta seeks is fair and equal treatment within Canada." When we face a crisis of this magnitude, we expect that it will receive national attention and response. In addition, when it involves the energy future of all Canadians, we expect that it will be elevated to a place of priority on the National Policy Agenda, and that our country and our system can move with the quickness and flexibility and sensitivity that is required. I look forward, Mr. Prime Minister, to discussing with you the review of the three decisions I have raised.

This is an issue of such importance that we have developed a brochure that answers many of the questions as to why this is a national problem. This brochure is now being tabled for your information.

A healthy energy sector and energy self-sufficiency for Canada need not be only an Alberta dream . . . if we can make our system respond to the challenge, then it can be a Canadian reality.

Appendix VI

First Ministers' Conference
Vancouver, British Columbia
November 20 - 21, 1986

Statement by The Honourable Don R. Getty, Premier of Alberta, on Equality for Women

Thank you Mr. Chairman.

Economic equality for women is very important to the Government of Alberta. This is a good public forum to make it clear that the Alberta Government is fully and actively committed to equality for women in all areas of our society.

I am pleased that, for the first time, we are addressing women's concerns at this table as a separate topic. Some will feel this is a small step, but I believe it is a very important one. The fact that this issue is receiving specific attention demonstrates in a positive, public way that our governments are committed to ensuring that women participate equally in all areas of economic life in Canada.

The issues surrounding the goal of economic equality for women, as we all know, are varied and complex. There is no single solution. Yet our discussions here are invaluable as we share knowledge, experiences, and ideas with each other.

Within Alberta we have recently announced a number of initiatives to enhance women's economic equality.

In June, our Throne Speech announced the development of a government-wide plan of action for women which will focus on employment, education, participation in public life, social services and health. This plan is a positive commitment and will provide a framework for enhancing women's equality within the province.

The Alberta Government's commitment is further demonstrated by the creation of the Alberta Advisory Council on Women's issues. We were pleased to announce the appointment of 14 members to this council last week. This Council will, I know, be instrumental in bringing before the government the concerns of individual women and women's organizations from all across Alberta. This will help us in formulating or refining policies which are sensitive to their needs.

As you indicated, Mr. Prime Minister, an issue of great importance to the achievement of women's economic equality is child care. All of us who are parents, or who have friends or sons and daughters who are parents, realize the importance of being able to access quality child care. We believe, of course, that the best quality child care comes at home and is the clear responsibility of parents. But if women are to participate fully and confidently in the workforce, it is essential for them to have a broad range of quality day-care alternatives. My government's commitment to child care has resulted in one of the most accessible and affordable day-care systems in Canada with an expenditure estimated in excess of $60 million this year for 33,000 day care spaces, which slightly exceeds demand on a province-wide basis.

Alberta has the highest female labour participation rate of any province in Canada – 61 per cent. As part of this increasing participation, we see a dramatic rise in the number of women entrepreneurs. The Government of Alberta is supportive of this trend and is taking measures designed to encourage women in small business. Businesses started by women constitute an increasing number of all new businesses in our province and we are pleased that they are highly successful.

The Government of Alberta is also increasing career development opportunities for women in the Alberta Public

Service. Our Personnel Administration Office offers a wide range of training and career development courses for women.

While many improvements have been made, we recognize that more must be done. Therefore, new strategies which make greater use of job rotations, secondments, and educational assistance are going to be implemented. Facilities which provide skill and aptitude assessments, career counselling and career information are being enhanced. We are confident that these measures will further women's advancement within our public service. I believe that these changes are important because there should be greater access to the decision-making process for women.

I must say that I was pleased, Mr. Chairman, to receive the Ministerial Paper on Training for Women. I have reviewed the paper and endorse its recommendations. It provides all of us with an excellent framework for further developing policies and programs with respect to the training and education of women. I congratulate our Ministers responsible for its preparation. We will be reviewing these over the coming months to determine how best they might be implemented.

All occupations should be as possible for women as men, including the important role of homemaker for those who are able to and who choose to spend full time raising a family. I can't imagine a more fulfilling and self-satisfying career so full of love, warmth and caring, and with such heavy responsibilities and challenges.

Economic equality for women will be influenced by many factors. We believe that increasing education and training opportunities for women will be a major step towards achieving this goal.

Recently, we have been examining a number of policy and program options to address the problem of our under- representation of women in training programs within the province.

As a result, new initiatives will be introduced to ensure that teachers, counsellors, and other educators are aware of the obstacles which affect the education and training of girls and women. These obstacles include the long-standing traditions and attitudes about women's roles. Such beliefs may have an impact on the self-image and aspirations of girls and on the attitudes of educators and employers. It is essential, then, that awareness of the changing roles of women, and of the new career opportunities available to them, be increased.

In order to encourage girls to consider a wider range of career alternatives, particularly in non-traditional occupations, mentor programs to provide role models, and work experience programs in non-traditional occupations, will be developed. In addition, new efforts will be made to ensure that the necessary materials, support mechanisms, and introductory programs will be developed, at the post-secondary level, to encourage women to consider training for non-traditional occupations.

Also, a promotional campaign is being introduced to encourage girls and women to maximize their career options through appropriate career choices. Other awareness campaigns, aimed at employers and the public-at-large, will focus on the changing roles of women in our society and on increasing career opportunities.

We recognize also that immigrant women, women re-entering the workforce, and others may need special assistance before they can pursue post-secondary training. As a result, in Alberta, programs such as academic upgrading, vocational preparation, job readiness and language training will continue to be made available.

The costs of education and training, the scheduling of courses and various program requirements have been identified as barriers to women. In recognition of this,

we will continue to monitor closely our student financial assistance programs to ensure that the amounts provided do not inhibit women's participation in training. Further, we will work in co-operation with post-secondary institutions to determine where changes in admission requirements, course scheduling, and opportunities for part-time study can be made to increase accessibility.

Mr. Chairman, in conclusion, I wish to re-affirm Alberta's deep commitment to achieving economic equality for women. While exciting progress has been made and new initiatives promise future advances, we recognize that we are not there yet. We have a way to go. Achieving equality for women is a complex challenge. There are no quick and easy solutions but we must continue to work at it.

Alberta will continue to strive towards women's economic equality because greater and more meaningful participation of women in the social, economic, and political life of Canada means a richer and more vibrant nation.

Annual Conference of First Ministers

Vancouver, British Columbia
November 20-21, 1986

Communiqué on Quebec Constitutional Issue

The First Ministers, on the occasion of their Annual Conference in Vancouver, expressed their satisfaction with the process followed to date on the constitutional issue and noted that important progress towards a better understanding of Quebec's five proposals has been achieved since the Edmonton Declaration.

The First Ministers are therefore of the view that the discussions now in progress should continue. Consequently, contacts already established at the political and officials' level among the federal government, the Government of Quebec and the governments of the other provinces will be intensified and expanded in order to evaluate more fully the chances of success of eventual formal negotiations based on Quebec's five proposals.

During the coming months, First Ministers hope to conclude an agreement that will enable Quebec to become again a full partner in the Canadian federation, and to undertake later another stage in the constitutional reform on matters that will include, amongst other items, Senate reform, fisheries, property rights, etc.

Appendix VIII

First Ministers' Conference on Aboriginal Rights

Ottawa, Ontario
March 26-27, 1987

Notes for the Opening Address by Honourable Don R. Getty Premier of Alberta

Prime Minister, Fellow Premiers, Territorial Leaders, and Aboriginal Leaders: Like David Peterson, Premier Ghiz and Premier Vander Zalm, this is my first attendance at a First Ministers' Conference on Aboriginal Matters. I must say I enjoyed the meeting last night and the unique style in which the meeting has been conducted today. Of course, I have followed with great interest previous meetings on this subject.

Looking back, it seems to me that **The Constitution Act, 1982**, was a landmark for aboriginal people: it affirmed existing aboriginal and treaty rights and defined aboriginal people as Indians, Inuit and Metis. I recall with pride the key role in the constitution. There was significant progress made again in 1983 when certain amendments to the constitution were proclaimed. These amendments were designed to ensure aboriginal sexual equality, to provide new land claims agreements with the same constitutional protection as that provided to existing treaties, to ensure that there would be further First Ministers' Conferences to address Aboriginal Constitutional Issues, and to affirm the principle that aboriginal people must be consulted on any future amendments affecting them. Alberta was quick to introduce a resolution in its legislature on these amendments.

I am aware too that the meetings during the past four years have heightened the awareness of the federal and provincial governments and all Canadians about the circumstances of the aboriginal people and their aspirations. In Alberta, we have taken important initiatives in an effort to work together with our native groups and communities to develop solutions to the concerns and aspirations of aboriginal people in our province.

Just before I provide the Government of Alberta's perspective on the discussions on self-government, I do want to raise an issue of concern to us. As many of you may be aware, the Prairie Treaty Nations Alliance, of which the Indian Association of Alberta is a member, maintains that the Assembly of First Nations does not represent Prairie Treaty Indians at the discussions. Whether that is so or not, the Alberta government is of the view that our process is somewhat flawed, as it excludes most of Alberta's Treaty Indian people. Prime Minister, we raised this issue before, and I request again that you provide for opportunities for the Indian Association of Alberta to participate in future discussions. To illustrate the strength of their feelings, I am circulating to each participant today the statement which they have provided to us.

Now I want to focus on the matter before us today – self-government for aboriginal people. The Alberta government is strongly committed to provide aboriginal people with the opportunity to have the major role in controlling their own affairs and to have control over their destiny. Albertans have a desire to improve the opportunities available to aboriginal people so they are not disadvantaged in our Canadian society.

From our perspective, aboriginal self-government should also begin at the grass-roots level. There are a number of practical measures that we have taken in Alberta to encourage aboriginal self-government at the community level. For example, we are currently undertaking an initiative that is unique within Canada, to transfer officially 1.28 million acres of land to the Metis in Alberta. On June 3, 1985, the Alberta legislature unanimously passed a resolution concerning an amendment to

the **Alberta Act**. It committed the Government of Alberta to propose a revised **Metis Betterment Act**, to grant the existing 1.28 million acres of Metis settlement lands to the Metis, and to confirm this grant of lands in the Constitution of Canada. These actions will be undertaken. We did ask, however, that they establish fair and democratic criteria for settlement membership, land allocation, and the composition of governing bodies.

The Alberta Federation of Metis Settlement Associations responded positively to these initiatives. In 1986, they presented us with a document entitled "By Means of Conferences And Negotiations We Ensure Our Rights". This document provided background and principles for new legislation and further discussions.

We have been holding those discussions between our government and the federation. We have agreed in principle on the fair and democratic criteria for settlement membership and land allocation, and on unique and appropriate governing bodies. With regard to outstanding matters, we understand and agree with the concept of territorial integrity. We feel that this satisfies the Metis desire for this possession of their lands. We will work to come to an agreement which provides for this and also allows us to fulfill our provincial responsibilities. With good efforts on both sides, this will be concluded in 1987.

We are currently drafting the new **Metis Settlements Act**. This Act will be developed co-operatively with the Metis Settlements, and we expect to table this Act before the end of our current legislative session. Following enactment of this new Act and transfer of the land, we will then propose an amendment to the **Alberta Act**. That will require agreement of both the Legislative Assembly of Alberta and the Parliament of Canada. But this will confirm and protect the grant of their settlement lands within the Constitution.

I raise this at this meeting, Prime Minister, because the example is a particularly important and unique initiative in terms of self-government and a secure land base for the Metis people.

In addition to the 1.28 million acres on the eight Metis settlements, approximately 4,200 acres of land are held by six Metis co-ops in the Grande Cache area of Alberta.

Earlier this year the Alberta government signed a contract with the Metis Association of Alberta, under the leadership of Sam Sinclair, providing for development and funding of six regional offices and increased participation of Metis in forms of self-government.

But these are not the only ways in which we are encouraging aboriginal people to play a direct, active role in government. As a result of the **Alberta Northland School Division Act, 1983**, the majority of members elected to school committees re Metis and Indian local residents. This provides them with the opportunity to participate effectively and make the decisions regarding the education of their children.

Over the years, we have concluded agreements with the Blackfoot Band, the Lesser Slave Lake Indian Regional Council and, most recently, the Yellowhead Tribal Council, to ensure that these Bands have control over the foster care of their children.

Just recently we concluded with the Louis Bull Band near Wetaskiwin, Alberta – 40 miles south of Edmonton – the establishment of a model on-reserve policing service which they control.

Furthermore, economic development opportunities are now possible for the Cree Indian Band at Fort Chipewyan in Northern Alberta, as a result of the treaty land entitlement claim settled just before Christmas, 1986. This was the largest outstanding treaty

land entitlement claim in Alberta, and may well have been the largest outstanding treaty entitlement claim in Canada.

Prime Minister, I mention these examples to dispel any thought that Alberta is defensive, negative or wary of the issue of self-government and to illustrate the very real progress being made in Alberta in a practical way to accommodate the aspirations of aboriginal people, through legislation, programs, and policies. The aboriginal people are increasing control over their day-to-day lives on matters important at the grass-roots level: their education, their child welfare, their policing, their economic development, and on a firm land basis.

Our government does not break promises in Alberta. We do not seek to preserve the status quo nor do we wish to remain stagnant, but rather we are working hard for meaningful self-government for our aboriginal people and Albertans can be proud that we are not just talking about it, we are doing it. So let me confirm, the Government of Alberta is committed to pursuing new and unique initiatives for self-government arrangements for Metis people. These will be enshrined in legislation, while we continue to move aggressively in this direction in Alberta, we still believe that any constitutional rights must first be defined carefully and fully understood before they are entrenched in our Constitution. The evolution of the Canadian political system has always involved developing a clear definition of the principles of self-government first. For example, when Alberta became a province, the rights and powers of the province had been carefully defined first, through democratic debate and decision-making. Once defined, they were then constitutionally entrenched. Entrenchment of the principle of aboriginal self-government, without prior adequate definition, could be a reversal of our traditional democratic process and would also be inconsistent with Canada's historic development and our democratic practices. Surely, we should be able to accept that the people elected to our parliament and our legislative assemblies – working with our citizens – have the responsibility to clearly define self-government . . . otherwise, we invite confusion and uncertainty, and will leave it to the courts to do our job – we will leave it to the courts to interpret the meaning of self-government.

We realize that at the national level, aboriginal groups feel they have an inherent right to self-government – that is, they believe that right has always existed and was never relinquished or extinguished. In Alberta's opinion, constitutional entrenchment of an undefined, inherent aboriginal right to self-government could lead to the establishment of a third order of government in Canada, possibly sovereign or equal to both the federal and provincial governments. How could a country, regardless of our good intentions, cope with that situation?

I should add that we are also concerned with some federal government proposals, Mr. Prime Minister, that may be moving to divest itself of its historical relationship and obligations to the aboriginal people of Canada. I was pleased with some comments you made in this regard last night, but it is a matter we may discuss later at this conference.

Albertans support the Indian, Inuit and Metis peoples' aspiration to have more control over their own affairs and less involvement with the bureaucracies of federal and provincial governments. In pursuing this, we have the challenge to be fair to aboriginal peoples, but at the same time we have to recognize that an undefined inherent aboriginal right to self-government, protected constitutionally at the request of aboriginal groups at this table, could have a major impact on all citizens of Alberta and Canada. It is the uncertainty associated with the impact on the rights of all Albertans that prevents Alberta from giving support for an undefined constitutional amendment of this type.

Appendix IX

In conclusion, Mr. Prime Minister, I emphasize that while I have expressed concerns about the effects of a constitutional amendment, the Alberta government remains committed to self-government opportunities for aboriginal people in Alberta. We believe that aboriginal groups should be given the authority to establish a form of self-government clearly protected by legislation passed by either federal or provincial governments.

I believe aboriginal self-government can be realized, but we at this table must be flexible and innovative in our approaches. We must be alert to recognize that differences exist across this vast country – we must recognize that aspirations and needs of the Indians, Inuit and Metis vary. I dedicate Alberta, our government, in a spirit of compromise and that compromise that has prevailed around this table and in Canada since confederation, to the commitment that we will reach methods of self-government for our aboriginal people. But we can only be one country around this table, and Alberta will insist that any changes be accomplished in a way that maintains the basic historic fabric of our Canadian system.

Alberta's International Agreements

Department/Agency by Country of Agreement, Currently In Force

Agriculture

Agricultural Sub-Agreement to Protocol of Understanding and Friendship between the Province of Alberta, Canada and the Province of Heilongjiang, People's Republic of China.

Memorandum of Understanding between the Ministry of Agriculture of Alberta, Canada and the Secretariat of Agriculture and Water Resources of the United Mexican States in matters of livestock co-operation.

Agreement between the State of Alaska represented by the Division of Agriculture and Her Majesty the Queen in Right of the Province of Alberta represented by the Minister of Agriculture.

Memorandum of Understanding between Montana and Alberta concerning co-operation in research and control of dryland salinity.

Memorandum on Reciprocal Visits of Alberta and RSFSR (U.S.S.R.) Ministers of Agriculture.

Agreement on the Co-operation and Establishment of Direct Relations between the Alberta Department of Agriculture and the RSFSR (U.S.S.R.) State Committee for Agri-Industrial Complex (Gosagroprom).

Kangwon-Alberta Department of Agriculture Agreement with International Agricultural Exchange Association concerning exchanges of members of agricultural communities in Alberta and Korea.

Alberta Oil Sands Technology and Research Authority (AOSTRA)

Letter of Understanding between AOSTRA and Yacimientos Petroliferos Fiscales (YPF) of Argentina.

Letter of co-operation between AOSTRA and Paulipetro – Consorcio Cesp/IPT (Brazil).

Letter of co-operation between AOSTRA and the Daqing Petroleum Administration Bureau, Heilongjiang, People's Republic of China.

Letter of co-operation between AOSTRA and the Xinjiang Petroleum Administration.

Letter of co-operation between AOSTRA and the Liao He Petroleum Administration.

Letter of co-operation between AOSTRA and the Research Institute of Petroleum Exploration and Development (RIPED), in China.

Letter of co-operation between AOSTRA and the Hungarian Hydrocarbon Institute.

Letter of Understanding between AOSTRA and Petroleos del Peru (PETROPERU).

Memorandum of Understanding for Co-operation in the Research and Development of Tar Sands (Oil Sands) and Heavy Oil between AOSTRA, The Department of Energy, Mines and Resources, and the Saskatchewan Department of Mineral Resources (for Canada), and the Department of Energy of the United States (for the United States of America).

Memorandum of Agreement among AOSTRA, the Department of Energy, Mines and Resources, the Saskatchewan Department of Mineral Resources (for Canada), and the Department of Energy of the United States (for the United States of America). (Sets forth a specific proposal within the framework established by the above Memorandum of Understanding.)

Amendments concerning Intellectual Property and Exchanges of Staff and Information to the Memorandum of Understanding for Co-operation in the Research and Development of Tar Sands (Oil Sands) and Heavy Oil.

"Steam Flooding with additives in a Tar Sand Deposit" Implementing Agreement II under the Memorandum of Understanding of Co-operation in the Research and Development of Tar Sands (Oil Sands) and Heavy Oil.

"Dissemination of Information," Implementing Agreement III under the Memorandum of Understanding for Co-operation in the Research Development of Tar Sands (Oil Sands) and Heavy Oil.

Letter of Understanding between AOSTRA and the Venezuelan Technological Institute of Petroleum (Intevep).

Alberta Research Council

Agreement on Exchange and Co-operation of Science & Technology Between the Alberta Research Council and Heilongjiang Academy of Sciences.

Environment

Memorandum of Agreement between the Government of Alberta, represented by the Department of Environment, and the National Earth Satellite Service of the United States Department of Commerce.

Federal and Intergovernmental Affairs (FIGA)

Protocol of Understanding and Friendship between the Province of Alberta, Canada and the Province of Heilongjiang, People's Republic of China.

Proclamation of Friendship and Affiliation between the Province of Alberta, Canada and the Prefecture of Hokkaido, Japan.

"Proclamation" between the Province of Alberta, Canada and the Province of Kangwon, Republic of Korea.

Labour

Inspection Agreement between the Inspection Organization, Pressure Vessels & Hoisting Equipment of the Socialist Republic of Romania and the Boilers & Pressure Vessels Branch, General Safety Services Division of the Department of Labour of the Government of Alberta.

Public Safety Services

State of Montana, U.S.A./Alberta – Letter of Understanding on civil emergency planning and co-operative emergency arrangements.

Recreation And Parks

Alberta/Hokkaido Sports Exchange Agreement between the Hokkaido Amateur Sports Association (HASA) of Japan and the Department of Recreation and Parks, Government of Alberta.

Heilongjiang/Alberta Sports Exchange

Transportation

Agreement among the Province of Alberta, represented by the Department of Transportation, the Province of British Columbia, and the states of Alaska, Arizona, California, Colorado, Idaho, Illinois, Iowa, Kansas, Minnesota, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oregon, South Dakota, Utah and Washington.

Registration reciprocity agreement among the Province of Alberta, represented by the Department of Transportation, and numerous states of the United States.

Advanced Education

Alberta/Pakistan/CIDA – Agreement to Develop and Implement the Oil and Gas Development Co-operation (Phase Two) Project.

Energy and Natural Resources

Subsidiary letter of agreement between Alberta Energy and Energy, Mines and Resources Canada (EMR), providing for Alberta's involvement in the International Energy Agency (I.E.A.) Implementing Agreement in Coal Combustion Science.